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EFFECTS OF NATIONAL CULTURES IN CONTRACT NEGOTIATIONS:
A STUDY OF TURKISH AND AMERICAN CULTURES

by

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EFFECTS OF NATIONAL CULTURES IN CONTRACT NEGOTIATIONS: A STUDY OF TURKISH AND AMERICAN CULTURES

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ABSTRACT

This thesis examines the impact of national cultures in international contract negotiations. The main focus, however, is negotiations between Turkish and American entities. The key cultural differences between the two societies are determined by a cultural survey amongst Turkish and American participants.

Prof. Geert Hofstede's "five dimensions" model was implemented to reveal characteristics of these two cultures. The survey questions used by Hofstede were changed and adjusted, however, to fit the needs of this particular study. In the light of the survey results and comments obtained from experienced Turkish and American businessmen, this study provides an analysis of the differences between the two cultures and proposes general considerations and roadmaps to guide contract negotiators of these two cultures.

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I.   INTRODUCTION

A.   BACKGROUND

In this era of globalization, nations rely more and more on economic and political contacts with other nations. One significant form of these frequent contacts is the contractual relationship between governments or between private business sector entities.

More sophisticated means of communication allows the buyers to become more and more aware of the sources (providers) of the items they need, as well as the availability of those items all over the world. Today's technology enables people to communicate at ultra-high speeds. Information Technology capabilities are continuously growing and becoming prevalent among more companies and governments. Technologic developments make the transactions between countries easier, allowing more companies or governments of various countries to appear as sellers or buyers in the international arena. It will no longer be amazing to see that buying from foreign companies is as easy as buying from local companies in the very near future.

Additionally, the relative ease of the international delivery of products and services changes the range of the competition among contractors from nation-wide to an international/global field. This challenge, along with the incredibly vast marketing and exchange opportunities, results in one huge global market for all countries, and puts the people from various cultures together to understand each other's needs and their own

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capabilities to satisfy those needs. To be able to survive in this challenging arena, the companies or even the governments need a bite from this spherical pie of the global market.

Contractual relationships generally require representatives of the buyers and sellers to come together for various business actions in this global market. One and maybe the most important form of this gathering would be the contract negotiations. Since the final monetary decisions of negotiated contract transactions are made through the negotiations, and the profit is the basic motivation of business entities, negotiations have the greatest importance for the entities. Without a good understanding of negotiating skills, the factors that affect the negotiation process, and their eventual effects on the profitability, it is very difficult for the entities to maintain their survivability in the market.

Due to the great bilateral trade capacity, negotiations between the U.S. and Turkish entities are especially important. Prospects for tremendous growth in Turkey's economy led the U.S. Department of Commerce to designate it as one of the world's ten Big Emerging Markets (BEMs) to help U.S. firms position themselves to profitably participate in this market. Currently, the U.S. is the largest investor in Turkey with an estimated $1.9 billion in direct investment. The number of U.S. companies in Turkey is 276 (U.S. Department of Commerce).

Turkey is the most significant market in Eurasia, with a population of about 65 million (and growing) and a GDP of $220 billion. Average annual growth rates in Turkey over the past decade were the highest of any Organization for Economic Co-

operation and Development (OECD) country. Turkish overall imports are expected to grow an average of 15 percent per year through the year 2000, putting Turkey's turn-of-the-century imports at about $60 billion. From the U.S. point of view, if the United States were successful in increasing its import share to 25 percent, U.S. exports to Turkey would total $15 billion, and possibly create an additional 200,000 American jobs (Can).

B. OBJECTIVES

While contract negotiations bring people from different nationalities together at two sides of a table, it is very likely that the national cultures of these two parties have considerable effects on the manners and results of the negotiations. Contract negotiations are communication practices that rely on the interactive behaviors of individual negotiators. Knowing the importance of negotiations, successful negotiators should consider the factors that affect the manners and results of the negotiations. Along with these tangible factors, intangible factors such as the personalities and cultures of negotiators have immense effects on negotiations. National cultures as well as other internal and external factors influence the personalities of individual negotiators.

This thesis focuses on Turkish and American cultures along with their effects on any possible contract negotiation activity between the two governments or the private sector firms of these two countries. As the international transaction volume grows due to technologic developments, so does the importance of the knowledge of potential

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customers' or suppliers' national cultures as one of the significant factors that has an immense effect on contract negotiations. People who go into negotiations with foreign entities, in a way, represent their national cultures as well as their own personalities. Although, the negotiators usually are aware of being in contact with different cultures, they may instinctively react to present their cultures and personalities in many situations. Being prepared for any cultural conflict, and avoiding being stuck in unexpected situations requires a good examination and understanding of each other's national cultures. Prudent negotiators never overlook the effects of national cultures on negotiations.

C.   THE RESEARCH QUESTIONS

The primary research question is:

What would be the impact of Turkish and American cultures and cultural differences on contract negotiations between the governments or the firms of the two countries, and to what extent might that knowledge be used as an effective tool to reach a win-win settlement?

Subsidiary research questions are:

1. What are the key cultural factors/differences that might affect negotiations and to what extent?

2. How could the knowledge of the two cultures be implemented for the benefits of both sides in a contractual negotiation?

D. SCOPE AND LIMITATIONS

This thesis examines the effects of cultural factors/differences in contract negotiations. Since the national cultures and their effects on contract negotiations is a very broad area, the research is limited particularly to the negotiations between American and Turkish entities. Thus, the cultures of these two nations are the main concern.

Since cultural issues concern both government and private sector contract negotiations, there is no discrimination between them in this thesis. The study applies to both areas of contract negotiations. However, should the study results require any discrimination between government and private sector negotiations, the distinction will be discussed as appropriate.

E. METHODOLOGY

There are countless inputs and factors that affect the national cultures such as histories, religions, languages, technologies, contacts with other cultures, and geographic environments and many others. Each of these factors affects individuals' personalities, and interpersonal relationships among the society. Under the influences of these factors, nations develop some certain traditions, customs and unique behavioral reactions to various situations. These elements form the most apparent part of the cultures. A general review of related documentation would help to determine the influences of these factors. However, the reflection of cultures can mostly be observed

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in people. That is, people represent their cultures by their attitudes and behaviors. To be able to reveal these reflections, this study conducts a comprehensive survey among Turkish and American people. The basis for this survey is the cultural model that was developed by Prof. Geert Hofstede in mid 1980s (Hofstede, 1984). Hofstede, in his study of cultures, he categorized the characteristics of cultures in four dimensions, namely: "Power Distance," "Uncertainty Avoidance," "Individualism versus Collectivism," and "Masculinity versus Femininity." In his later work with Bond (Hofstede & Bond, 1987), he added another dimension in his model to better explain the rapid economic development of many Asian countries. Survey questions for this study were developed by exploiting Prof. Hofstede's survey questions and the characteristics of "five dimensions" he discussed in his book along with the common connotations he provided for each "dimension."

Opinions and observations of experienced American and Turkish individuals in international business obtained via email and phone conversations aided the researcher in interpreting the results of the survey as they relate to negotiations between Turkish and American entities.

Additionally, web page reviews of firms and Turkish-American business associations were conducted. A large amount of information on "Intercultural Relationships" is found in governmental and educational web sites that provided invaluable inputs for this study to reveal the characteristics of Turkish and American cultures and to make a healthy analysis of these characteristics.

F.   BENEFITS OF THE STUDY

This study addresses directly to both Turkish and American contract negotiators. The knowledge of cultures, their effects, and wise use of this knowledge will lead to healthy and satisfactory negotiations for both parties, resulting in improved long-term relationships. Key cultural factors that might affect negotiations are determined, and optimal strategies that favor to both parties are presented as guidance to prepare for more effective negotiations.

G.   ORGANIZATION OF THE STUDY

Chapter I introduces the purpose and general direction of the research. It also addresses the objectives of the research. The research question, scope and limitations made on the research are descried, with a brief research methodology and benefits of the study outlined to conclude the chapter.

Chapter II presents the theoretical framework of contract negotiations within which the research was conducted and analyzed. Current applications of contract negotiations between entities, and analysis of negotiation principles along with a general review are provided throughout the chapter. The presentation of "Hofstede Model" which is the basis for this study concludes the chapter.

Chapter III provides a brief comparison of Turkish and American cultures under the light of the conducted literature review and general personal observations of members of the two cultures.

Chapter IV presents the survey to reveal the key cultural factors that might have effect on the contract negotiations between American and Turkish entities, and the reflections of these effects on individuals. The basis for the survey presented in this chapter was mainly Prof. Hofstede's cultural model.

Chapter V analyses the results of the survey presented in Chapter IV and provides some considerations and roadmaps for Turkish and American contract negotiators to reach desirable agreement for both sides and improve long-term relationships with each other.

Chapter VI provides a brief summary and conclusions, and recommendations for further study.

II. GENERAL REVIEW OF NEGOTIATIONS AND CULTURES

A. INTRODUCTION

This chapter provides a general background to acquaint the reader with the terms, concepts, and methods used in this study. The two basic terms used in this thesis are "negotiation" and "culture," and definitions of these two terms are necessary. Thus, the next section of this chapter offers popular definitions of these two terms.

The third section discusses basic principles and considerations that should be taken into account in the negotiation process; it includes a synopsis of negotiation types and negotiation tactics that are often used by negotiators. Better understanding of common negotiation processes currently practiced in the market will help the reader to follow the analysis provided in the Chapter IV.

The core of this study is to reveal the effects of national culture differences in negotiations between Americans and Turks, and provide general considerations and guidelines for the negotiators. Consistent with this, the fourth section of this chapter reviews general concepts of cultural effects in negotiations.

The final section of the chapter presents a model generated by Prof. Hofstede. This model is especially important to understand because it will be the main tool to reveal the characteristics of the two cultures, and provide a basis to compare these characteristics.

B. DEFINITIONS

Two definitions are necessary for this study: "negotiation," and "culture."

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1. Negotiation

FAR 15.102 describes (contract) negotiation as "a procedure that includes the receipt of proposals from offerors, permits bargaining, and usually affords offerors an opportunity to revise their offers before award of a contract. Bargaining—in the sense of discussion, persuasion, alteration of initial assumptions and positions, and give-and-take—may apply to price, schedule, technical requirements, type of contract, or other terms of a proposed contract." This definition of "negotiation" in the FAR is very specific and applies to government contracting.

Since this study is about cultural effects on "all" contract negotiations between Turkey and the United States, a more broad definition of negotiation is needed. In this sense, Acuff defines negotiation as follows:

> Negotiation is the process of communicating back and forth for the purpose of reaching a joint agreement about differing needs or ideas. Negotiating has to do with persuasion rather than the use of crude power with the other side feeling good about the outcome of the negotiation. As such, negotiation is a collection of behaviors that involves communications, sales, marketing, psychology, sociology, assertiveness, and conflict resolution. Above all, it has to do with the clear understanding of our own motivations and those of the other side as we try to persuade them to do what we want them to do. (Acuff, 1992, p.21)

2. Culture

Many definitions of culture exist in the literature. "Culture is a technical term used by anthropologists to refer to a system for creating, sending, storing, and processing information developed by human beings, which differentiates them from other life forms" (Hall, 1990, p.183). Hofstede treats culture as "the collective programming of the mind

which distinguishes the member of one human group from another" and suggests that culture is "to human collectivity what personality is to the individual" (Hofstede, 1984, p.21). By this definition, Hofstede emphasizes that culture is not a property of the individuals, but of groups. It is a collection of more or less shared characteristics possessed by people who have been conditioned by similar socialization practices, educational procedures, and life experiences. Because of their similar backgrounds, the people in any given culture may be said to have similar "mental programming." Thus, one can speak of the culture of a family, a tribe, a region, a national minority, or a nation. Culture is what differentiates the people in a given collective from the people in other collectives at the same level (other families, other tribes, and so forth) (Hofstede, 1984, p.21).

To Samovar & Porter:

Culture manifests itself both in patterns of language and thought and in forms of activity and behavior. These patterns become models for common adaptive acts and styles of expressive behavior which enable people to live in a society within a given geographical environment at a given state of technical development (Samovar & Porter, 1972, p.3).

A study by Kroeber & Kluckhon, reviewed over 500 descriptions of culture as a concept. Their findings state:

Culture consists of patterns, explicit and implicit, of and for behavior acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts; the essential core of culture consists of traditional (i.e., historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, and on the other as conditioning elements of further action (Krober & Kluckhon, 1952, p.181).

Brislin offers further insights into the nature of culture. It consists of ideals, values, and assumptions about life that are widely shared among people and that guide

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specific behaviors. It is created by people, transmitted from generation to generation, and emotional reactions often occur when cultural values are violated or when a culture's expected behaviors are ignored (Brislin, 1993).

C.   NEGOTIATION BASICS

Life is far easier when people have the sense to see things our way. The real world, however, requires people from different organizations with different points of view to find satisfactory means to reach agreement.

No matter where one is doing business, it is important to reach a common understanding with other people, whether it is across the street or around the world. But, reaching common ground can sometimes be difficult when dealing with different national or corporate cultures.

The first thing to know about negotiation is to realize that everyone already has considerable experience with agreements. Everybody negotiates all the time, at work, at home, and as a consumer. For some it seems easy, but others view the process of negotiation as a source of conflict to be resisted and avoided if possible.

The object of any negotiation is for both parties to reach an agreement. This requires analyzing the bargaining strengths of both parties, understanding different strategic options and determining how the other party will respond to various bargaining tactics.

Many studies have looked at negotiation and negotiation skills. However, it is not an exact science in which specific rules and procedures can be laid down to guide the proceedings. As a result, no two negotiations will ever proceed in the same manner. If it

were possible to formulate a standard model for the conduct of negotiations, there would be thousands of variables included in such a formula. Since it is impossible to formulate a standard model, we can only mention <u>general</u> rules or principles stated by well-known figures of the "negotiation community."

Stefan P. Cohen conducted a significant study to determine some basic principles or roadmaps of negotiations to provide guidance for negotiators. He describes negotiation as "an art practiced by virtually everyone; it is a craft practiced by a few" (Cohen).

Cohen says that negotiating requires "multiple steps". First, you have to know "what you really want, why and how badly you want or need it," and "at what point you're willing to walk away without getting it." Second, you've got to know "what the other party wants" and "why it is important to them." This is vital information if to create resolution that will satisfy everyone (Cohen).

As the result of his study Cohen stated eight basic principles as guidance for negotiators:

1. **Be conscious of the difference between positions and interests.** If you can figure out **why** you want something -- and **why** others want their solution – then you are looking at **interests. Interests are the building blocks of agreements that last.**

2. **Be creative.** Anyone can do things the same old way; but using brainstorming techniques, listening to outlandish proposals, opening up to unanticipated possibilities expands agreement opportunities. If you respond with new ideas, if you do the unexpected, you can open doors to far greater gains than when you behave predictably. **Creativity can make everyone look good**, and with all those stakeholders looking over your shoulder, that can make a big difference.

3. **Be fair.** If people feel the process is fair, they are more likely to make real commitments. They're not going to walk away grumbling after the negotiation is completed, planning to find ways to wriggle out of the agreement. Sometimes things are helped when a neutral, external authority is used to measure fairness: a dictionary definition, a lab test, an academic article.

4. **Be prepared to commit.** You cannot make a commitment unless you can fulfill it. And your commitment isn't worth much unless the parties to the negotiation are **Drop-Dead Decision-Makers.** Moreover, commitment is not likely to result unless the parties all feel that the process has been fair.

5. **Be an Active Listener.** Communication takes place when information passes from a source to a receiver. If you spend all of your listening time planning how you're going to 'zing' the other party when they finally stop talking, you're not hearing them -- and they know it. Focus on what others are saying, both the words and the underlying meanings. It will help you really understand the interests upon which agreement can be based. When your response makes it clear that you've really been listening, and the other party gets over his/her shock, they may also be more prepared to listen to you. **Active listening can change the rules of the game and raise the level of civility in the negotiation.**

6. **Be conscious of the importance of the relationship.** If you understand the relative **priority of the relationship**, it can be easier to know when 'giving' on a particular point may mean short term costs yielding long term gains.

7. **Be aware of BATNAs.** BATNA stands for the **Best Alternative to a Negotiated Agreement.** Your BATNA is the situation you want to improve by negotiating with a given party or set of parties. If you can improve things on your own, you don't need to negotiate with them. Your BATNA is not your bottom line; it is a measure of the relative value of negotiating a particular issue with a particular party – or whether you can fall back on better alternatives.

8. **Be Prepared.** In order to negotiate effectively, efficiently, and wisely, it is crucial to prepare. Your job is not to outline a perfect total solution; that would be a positional approach. Preparation means studying the interests and BATNAs of every possible party. It means understanding the short- and long-term consequences of the process you use and the substantive results you pursue. Doing your homework can help you save lots of time (Cohen).

Barlow & Eisen discuss eight drives (reasons) for negotiating: "cost avoidance,"

"cost reduction," "assurance of supply," "establishment of long-term relationships,"

"development of standards of performance (determining what is good performance),"

"avoidance of problems," "survival in today's marketplace," and "overcoming of

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traditional pricing." Planning and determination of the true drives before the negotiations will help getting the desired results out of the negotiations (Barlow & Eisen,1983,pp.2-6).

The above section presents a synopsis of negotiation basics. Even if the negotiator dealing with a person from a different culture, these basic negotiation concepts still apply. Knowing these basic concepts will aid the analysis of cultural differences and the generation of guidelines for negotiators.

D. TYPES OF CONTRACT NEGOTIATIONS

Barlow & Eisen also propose that not all the negotiations are the same, even if they have same general objective of reaching a mutually acceptable agreement. The nature of purchases, vendor locations, economic conditions and the resources available at any specific time affect what type of negotiation should be conducted. It is important to distinguish between the types of negotiations because the type of negotiation affects the strategies to be employed and the required planning activities (Barlow & Eisen, 1983). Barlow & Eisen categorize six types of contract negotiations:

1. Price Negotiation

This is the most basic type of negotiation. It requires the least amount of planning and should probably be considered the minimum for most routine purchases. The factor under discussion is the vendor's selling price, including the impact of quantity, quality, and services performed. Most negotiations are in this category.

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2. Cost Negotiations

In this type of negotiation, various cost factors are considered when negotiationg the final selling price. This approach contributes to assuring that buyers are optimizing their vendors' resources. Increased use of cost negotiations has the potential of changing a buyer-supplier relationship from an adversarial one in which there is great mistrust between the parties to a contractor-subcontractor one in which the vendor becomes an extension of the buyer's company.

3. Renegotiation of an Existing Contract

This type often becomes necessary before the delivery date due to the changing business conditions. It is common in many contracts to have a "reopener clause" that allows for renegotiation.

4. One-on-One Negotiations

A buyer and a salesperson meet to negotiate a final agreement. Usually this type of negotiation cannot be finalized without higher level approval because of the limited authority of the negotiators. Often, vendors are well prepared for these meetings while buyers are not. Low value negotiations are usually one-on-one. However, good planning and preparation is still required.

5. Team Negotiations

This technique is used for most labor and government negotiations. The negotiating team is composed of people selected for their ability to contribute to,

influence, or otherwise impact on the discussions. When the proper team is selected, the negotiations usually lead to a final agreement.

6. International Negotiations

This type of negotiation requires considerably more planning than domestic negotiation. Preplanning focus directed more to the personality aspects of the other culture. In order to effectively negotiate each side need to understand how the other side looks at doing business and to gain a feel for the other side's cultural background and customs. Prejudices may endanger the favorable results for both parties. The terms and conditions of international contracts often differ from those of domestic contracts; these must be clearly understood and documented. Enforcement of international contracts may be difficult unless they are carefully negotiated and documented (Barlow & Eisen, 1983, pp.17-35).

Although Barlow & Eisen identify "international negotiations" as a distinct category at negotiations, it is obvious that "international negotiations" may include "price negotiations," "cost negotiations," "renegotiation," "one-on-one negotiations," and "team negotiations." In other words, the other types of negotiations may be subcategories of "international negotiations." An international negotiation might be in the form of "team negotiations" for negotiating the "cost." Preparation of each negotiation type might require unique techniques. When analyzing the cultural differences and setting roadmaps for Turkish and American negotiators, it will be helpful to be aware what type of negotiation will be applied.

E.   NEGOTIATION TACTICS

The negotiation tactics are generally observed in three categories according to their outcomes, namely: win/lose, win/win, and lose/lose tactics (CPRG. Vol.V Ch.1 p.7).

Win/lose tactics are usually used with the intention of getting more out of the negotiations at the expense of the other side. This may be accomplished by deceiving or misleading the other side, and usually brings win/lose outcomes (CPRG. Vol.V Ch.1 p.7). Since these tactics potentially disrupt long-term relationships, their use is not recommended (CPRG. Vol.V Ch.1 p.7). However, identification and knowledge of win/lose and win/win tactics may help negotiators to get more desirable results out of negotiations. This knowledge may also be useful when the other party tries to use these tactics: simply recognizing a tactic may reduce its effectiveness.

There are lots of tactics practiced in negotiations. Moreover, one can spontaneously create a tactic under various circumstances. Most common win/lose negotiation tactics include "surprise" (an unexpected behavior, issue, or goal at an unexpected point in the proceedings), "blanketing" (ask for everything at once, it may be used as a win/win tactic as well depending upon the intention of the negotiator), "undermining" (to put the other side in a defensive mode by use of threats, insults, or ultimatums), "funny money" (using monetary symbols like profit rates, price per pound, etc. rather than price itself), "good guy/bad guy," "feinting" (true, but misleading statements or behavior), etc. (CPRG. Vol.V Ch.6 pp.5-12).

Win/win tactics are more helpful to reach an agreement and less likely to harm long-term relationships. Some of the win/win tactics practiced in negotiations include "forbearance" (both sides agree to disagree and move on to the next issue without making

a commitment one way or the other), "trial balloon" (presentation of different solutions and options), "brainstorming" (think out loud), "salami" (one demand at a time), etc. (CPRG. Vol.V Ch. 6 pp.13-16).

These tactics can be used in international negotiations as well. However, when these tactics are used in negotiations the perception of different cultures' members may vary. In this regard, to be able to effectively use these tactics, international negotiators should understand the cultural characteristics of the other side, determine which tactics may endanger the desired agreement, and tailor their negotiation tactics accordingly.

F.   CULTURES IN NEGOTIATIONS

Cultures have guidelines for communication and behavior based on certain expectations and assumptions. Those expectations and assumptions, in turn, are rooted in the common values and historical experiences of the people within that cultural group. We must avoid criticizing other cultures and realize that we all have similar problems but different ways of dealing with them.

"While every culture has both explicit and implicit guidelines, they vary from one culture to the other. To most outsiders of a given culture, the guidelines are unknown or seem unclear and inconsistent." (Patterson, 1995) In this regard intercultural negotiators should recognize these differences and use a range of ways of negotiating, considering the distinctive approaches of other cultures.

Doing business with people of other nationalities involves more than learning foreign languages. There are often many cultural differences between people of different national backgrounds. These differences sometimes complicate business relationships

and negotiations. Effective negotiators recognize and manage the impact of each situational factor on the bargaining process from both they're own and their opponents' cultural perspective. It is important to be aware of your business partner's cultural tendencies as well as those of your own. For example, negotiators from a traditional culture often attach more importance to the way in which a proposal is made than to what is being said. In such discussions, what is not said may be just as important as what is said. Negotiators from traditional cultures also often view silence as a form of communication. Silence should therefore be used effectively. For example, it can mean respect for the person who has just spoken (ITC).

G.   HOFSTEDE'S MODEL

Geert Hofstede, a Dutch professor, undertook the most famous study of how culture relates in the workplace and intercultural business transactions. Hofstede isolates five dimensions that he claims summarizes characteristics of cultures. These are "Power Distance," "Uncertainty Avoidance," "Individualism versus Collectivism," "Masculinity versus Femininity," and "Confucian Dynamism." To be able to evaluate the levels of cultural dimensions, Hofstede uses indexes of PDI, UAI, IDV, MAS, and CDI for the five dimensions. He applied a questionnaire to more than 116.000 people in 52 countries to determine the index scores of those countries (Hofstede, 1997).

1.   Power Distance (PDI)

"Power Distance", first of the five dimensions, focuses on how a society deals with the fact that people are unequal in physical and intellectual capabilities. In other

words, the PDI index is the measure of how questions of dominance are worked out within a culture. High "Power Distance" cultures see power as a basic fact in society and stress coercive or referent power, while low "Power Distance" cultures believe power should be used only when it is legitimate, and prefer expert or legitimate power (Hofstede, 1984, p.66).

High PDI cultures are found in countries that let equalities grow over time into inequalities of prestige, power, and wealth. Low "Power Distance" cultures are found in countries that try to play down these inequalities as much as possible. This inequality is usually formalized in hierarchical boss-subordinate relationships. According to Mulder's "Power Distance" Reduction theory (Mulder, 1976), subordinates will try to reduce the "Power Distance" between themselves and their bosses and bosses will try to maintain or enlarge it. Hofstede's study, however, suggests that the level of "Power Distance" at which both tendencies will find their equilibrium is societally determined (Hofstede, 1984, p.65). In high "Power Distance" countries such as Malaysia, India and Venezuela (Hofstede 1997), bypassing the boss is considered insubordination, whereas, in low "Power Distance" countries such as Israel, Denmark and New Zealand, bypassing the boss is expected.

In the low PDI countries children's opinions count as much as parents', and put less value on children's obedience. Students are more concerned with independence. Managers take into account subordinates' opinions in the decision making process and employees are less afraid of disagreeing with their boss.

In the high PDI countries parents are more demanding about children's obedience, and children's views generally are not taken into account. Managers usually make

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decisions autocratically. Employees are afraid of disagreeing with their bosses, and reluctant to trust each other. Close supervision is positively accepted by subordinates. A list of common connotations of PDI differences is attached in the Appendix A.

2. Uncertainty Avoidance (UAI)

"Uncertainty Avoidance" Index refers to the extent to which people within a culture are made nervous by situations they consider to be unstructured, unclear, or unpredictable and the extent to which they try to avoid such situations by adopting strict rules of behavior and a belief in absolute truths.

High "Uncertainty Avoidance" countries, such as Japan, Greece and Uruguay (Hofstede, 1997) place a premium on job security, career patterns, retirement benefits. They also have a strong need for rules and regulations even if they will never work; the manager was expected to issue clear instructions, and subordinates' initiatives were tightly controlled. They do not like conflict in the organizations, but pursue group harmony. A common perception is "what is different is dangerous." They can accept familiar risks, but they fear ambiguous situations and unfamiliar risks. Also, there is a belief in experts and specialization, and manager is expected to be an expert in the field she or he manages. Seniority is also a basic element in selecting managers (Hofstede, 1984, pp.110-147).

Low "Uncertainty Avoidance" countries, on the other hand, such as the United States, Canada, Singapore and Hong Kong (Hofstede, 1997), are characterized by a greater willingness to take risk with less emotional resistance to change, take individual initiative, and enjoy conflict. One is comfortable in ambiguous situations and with

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unfamiliar risks. Individuals mostly think there should not be more rules than is strictly necessary. Deviant and innovative ideas get more tolerance in society. Managers are selected on other criteria such as creativity, people influence skills, etc. rather than just seniority or expertise. People usually prefer a management career over a specialist career. For more connotations about "Uncertainty Avoidance" index differences refer to Appendix B. (Hofstede, 1984, pp.110-147).

3. Individualism versus Collectivism (IDV)

"Individualism versus Collectivism" appears to be the most useful and therefore most important of the five dimensions. Professor Geert Hofstede consistently found that the "Individualism versus Collectivism" dimension teaches the most about differences between cultures, particularly between East Asian and western cultures (Hofstede, 1984, p.151).

"Individualism versus Collectivism" focuses on the relationship between the individual and other members of the society. "Individualistic" countries, such as the United States, Great Britain and Australia place a higher importance on the individual freedom and achievement. "Collectivist" countries, such as Cost Rica, Pakistan and Thailand place more emphasis on the greater good of the society (Hofstede, 1984, p.149).

"Individualism" and "Collectivism" are connected with the concept of identity. "Individualistic" cultures emphasize the "I" identity, and "Collectivist" cultures emphasize the "we" identity. This is one of the fundamental differences between western and eastern cultures. Hofstede states that in some cultures, "Individualism" is seen as a

"blessing" and a "source of well being;" in others, it is seen as alienating (Hofstede, 1984, p.148).

Hofstede observed that the "Individualism" index is negatively correlated with the "Power Distance" index. However, some countries (the Latin European ones) show both high "Individualism" and large "Power Distance" (Hofstede, 1997).

Hofstede's cultural survey (Hofstede 1997) shows that "Individualism" is one of the strongest U.S. values, and is equally strong in many (but not all) countries with a British cultural heritage.

For example, Drake observes the reflections of "Individualistic" tendencies in Americans in their education system. He points out that this education system directs individuals to think more of community and society rather than smaller groups like family or friends (Drake, 1996).

> Individualist tendencies in Americans are reflected in an education which stresses and deliberately builds on a complex set of assumptions about the relationship between the individual and society. Not the group or family, but the community and society. Americans learn to think from the underlying assumption that the individual is directly related to the society without need for an intervening group - although involvement with family, community, team, and employer is highly desirable. Not all Americans are highly "Individualistic" in behavior or belief, but most native-born Americans share a core set of values which maintain that it is good to be an individual and to express one's self as that individual (Drake, 1996).

In the "Collectivist" countries the integration of the individual into the group is considered a principal goal of the society. All forms of social training, indoctrination, education and conditioning have integration as their ultimate objective. Individuals are socialized into viewing themselves as group members involved in a society versus individuals involved in a society. In other words, in highly "Collectivist" cultures the

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individual has little or no relationship with society except through the groups in their life (their family, gender-based associations, their workgroup etc.). "In extreme instances in such societies, evidence that a person is "Individualistic" is looked upon as a social pathology, and can be treated as an outright crime, depending on how the "Individualism" was expressed" (Drake, 1996).

In the "Individualist" cultures, people are socialized into developing an independent and personal sense of duty and responsibility to society, not through the group, but as an independent person who voluntarily takes part in the group. In an "Individualist" culture, only individual morality (and good police work) creates social control over the individuals, who have been quite effectively taught by their culture that they are not answerable to anyone except themselves. On the other hand, in a collective culture, social groups create primary social control over the individual (Drake, 1996).

Low IDV countries have certain characteristics. First, perception of people is in terms of "in-group" or "out-group" members. Especially from the decision-making aspect, "group decisions are" considered "better than individual decisions." Second, people are generally encouraged to be a part of a group (family, friends, work groups, nation, etc.) and be ready to self-sacrifice for the benefit of his/her group. Third, education system generally based on group work. Individuals may work for themselves, but group needs prevail over individual needs (Hofstede, 1984, pp.165-169). For example, a very common proverb among Turkish people reads as follows: "what can only one hand do? But two hands make sound," which is always said to encourage people to work together.

High IDV countries also have certain characteristics. First, "more importance attached to freedom and challenge in jobs," and people thought of in general and "universal" terms (rather than "in-group" or "out-group" classification). Individual decisions are considered more desirable than group decisions. Additional connotations are presented in the Appendix C (Hofstede, 1984, pp.165-169).

4. Masculinity versus Femininity (MAS)

"Masculinity versus Femininity" dimension considers the relationship between gender and work roles. In high Masculinity cultures, such as Japan, Australia and Mexico (Hofstede, 1997), sex roles are clearly defined and traditional masculine values determine cultural ideals. Material success and progress are dominant values. Men generally are assertive, ambitious and "tough." Women are expected to be tender and take care of relationships. Managers usually are expected to be decisive and assertive. Economic growth and monetary success are seen as more important problems than other problems such as conservation of the environment, benevolence versus the third world countries, etc. Certain jobs are considered typically male, others female (e.g., nurses are females, bus drivers are males) (Hofstede, 1984, pp.176-210).

In low Masculinity cultures, such as Sweden, Costa Rica and Finland (Hofstede, 1997), there is little difference between the roles of males and females, and these roles are more fluid and are believed to overlap in the same job. Men and women follow the same types of higher education. Low Masculinity cultures essentially focus upon interpersonal needs and quality of life. Concern and help for the weak is common. Dominant values in society are caring for others and preservation (e.g., of the

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environment). Everybody is supposed to be modest. Conflicts are usually resolved by compromise and negotiation. More connotations are provided in Appendix D (Hofstede, 1984, pp.176-210).

5.   Confucian Dynamism (CDI):

In Hofstede's first study he described the characteristics of the cultures in four dimensions, but in his later work with Bond (Hofstede & Bond, 1988), he added another dimension in his model to better explain the rapid economic development of many Asian countries. This dimension refers to the selective promotion of a particular set of ethics found in Confucian teachings. Specific teachings that lead to economic development include thrift, perseverance, a sense of shame, and following a hierarchy. Other Confucian teachings are less emphasized, such as tradition and protecting face. This dimension indicates the extent to which a society exhibits a pragmatic, future-oriented (long-term) perspective rather than a conventional historic or short-term point of view (Hofstede & Bond, 1988, pp.4-21). Two countries that exhibit these values are China and Japan.

Countries low at "Confucian Dynamism" such as Pakistan, the Philippines, and the United States are short-term oriented, and focus on the "here" and "now" (Hofstede, 1997). The primary concern of short-term oriented countries is quarterly profit performance. Frequent employee evaluation and expectations for rapid career development are common. Short-term oriented characteristics are mostly found in "Individualistic" cultures, while long-term oriented characteristics predominate in "Collectivist" cultures (Hofstede & Bond, 1988, p.19).

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More connotations found in "Confucian Dynamism" index differences are available in Appendix E (Hofstede, 1997).

The results of Hofstede' s research provide information about the differences between cultures. Many of Hofstede's findings support Western stereotypes about different cultures. For example, the Western stereotype that Latino countries place a higher emphasis on masculine value than Nordic countries, or that Americans place more importance on "Individualism" than Asian countries do.

Having this kind of information helps in the negotiation process, since it leads to a better understanding one's opponent. For example, in negotiations with a Japanese, a negotiator is aware that Japanese culture is characterized by low "Individualism", high "Power Distance," strong "Uncertainty Avoidance," and strong "Masculine" values. Therefore, low "Individualism" and high "Power Distance" means there will be a little opportunity to circumvent or gang up on the decision-maker. Because of strong "Uncertainty Avoidance," the negotiator can also be confident that the Japanese are not going to take any unnecessary risks. Also, Japans' high masculinity values mean the negotiator will probably be dealing, with only with males in the negotiation process.

III. GENERAL REVIEW OF TURKISH AND AMERICAN CULTURES

A. INTRODUCTION

This chapter presents a brief overview of Turkish and American cultures. The main focus, however, is the aspects of the cultures that might effect the negotiations. Basically, cultural issues especially related to cultural characteristics such as hospitality, friendship, religion, ethnicity, etc. are discussed. Knowing the characteristics of cultures in a general sense aids in interpretation and analysis of the survey results. The Hofstede model, employed in this study to determine the characteristics of the Turkish and American cultures, defines these characteristics in such terms as "Individualism versus Collectivism," "Power Distance," "Masculinity versus Femininity," etc. However, in many cases, these terms still need to be interpreted into common terms of sociology for use in the context of negotiations. Each dimension may have different reflections on individual members of a culture. For example, as a consequence of the "Collectivist" characteristic of any given culture, the "friendship" value among its members might burden an individual with more responsibility for a friend's request than other cultures normally would. Another example would be "hospitality." "Hospitality" might be widespread in a given culture as a result of the combination of high "Feminine" and high "Collectivist" characteristics. "Hospitality" would not be as common in the high "Masculine" and high "Individualistic" cultures.

As a result, the knowledge of reflections of the "five dimensions" on individuals helps to interpret the survey results and generate roadmaps for negotiators.

B. BACKGROUND

Culture is dynamic. People influence each other with more frequent contacts in the form of communications, broadcasts, music, sports, movies, joint military operations, job opportunities in other countries, etc. In the future, it is possible that cultural differences between countries will be significantly reduced due to increasing international contacts. Cultural history, regional languages and some small differences might remain, however, there will probably be a general homogenization of cultural traditions and ways of life in different countries.

Hill argues that there are no national cultures. Instead, he describes regional cultures: "nations - the artificial by-products of power struggles, dynastic marriages and pure happenstance - are comprised of various regional cultures. Many cultures transcend frontiers" (Hill, 1998). Hofstede on the other hand, discusses diverse types of cultures like the culture of a family, a tribe, a region, a national minority, or a nation. He treats culture as "software of the minds" that differentiates one group of people from another (Hofstede, 1991). In this sense, cultures are like many growing circles, one inside the other. The more one goes towards the center (or the narrower the group) for any given individual, the more common cultural characteristics he or she finds shared by the group.

C. AMERICAN CULTURE

It is very difficult to find definitive works on "American Culture" in the literature. One can find for example, "Native American Culture" or "Black American Culture" or even "European American Culture." This is because of the very colorful and mixed structure of the United States population. Dozens of ethnic groups and religions form this

mixture. This is the most important characteristic of American society that distinguishes it from almost all other cultures.

1.   Immigration

America has been the destination point of immigration for centuries by people looking for new opportunities or new adventures, and people wanting to take another chance in their life. The first European immigrants in American history came from England and the Netherlands. Attracted by reports of great economic opportunities and religious and political freedom, immigrants from many other countries flocked to the United States in increasing numbers, the flow reaching a peak in the years 1880-1914. Between 1820 and 1979, the United States admitted more than 49 million immigrants. In 1995, its population included 23 million foreign-born persons (U.S. Information Service, 1998). There are people from almost all countries in the United States, and approximately 900,000 people immigrate America every year (U.S. Immigration & Naturalization Service). Some look for labor, some look for more freedom, some want their children to grow up through better life conditions, better education and better job opportunities.

For whatever reason they immigrate to America, there is a tendency among these immigrants to keep the characteristics of their original cultures, at least for a few generations. Most of the immigrants settle in the same region populated by people of their own culture. For example, nearly 84% of all Cubans admitted in FY 96 intended to reside in Florida, 80% of the Armenians intended to live in California, and 77% of Uzbek people resided in New York (U.S. Immigration & Naturalization Service). This helps them to maintain tight relations with each other and keep their cultural ties.

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This mixed structure, however, does not mean that there is no such thing as an "American Culture." Hofstede proposes in his arguments of "software of the minds" and "group personality" that it is unavoidable for the people who live together to form a common culture which depends on the interactions between the members of the group. In other words, since American people lived together in the same country, no matter what their ethnicity are, they developed a common culture (or American Culture), along the centuries while they maintain some characteristics of their original cultures. The newcomers adopted this common culture and made their contributions to that for years.

2.   Individualism

Professor Hofstede's culture survey shows that the United States people present the highest level of "Individualism" among the 52 participant countries. The United States scored 91 in "Individualism" index (IDV), ahead of Australia with the second highest score of 90 (Hofstede, 1997). A common belief is that United States society represents one of the most "Individualistic" cultures in the world. An obvious consequence of this is the impact on their family life. Most Americans leave their family as soon as possible, and often struggle to be able to stand on their own feet without any external support. This is unquestionably a source of self-reliance, self-confidence, and pride. "Roommate" practices are very common since young adults often leave their families before they marry. On the other hand, especially in Asian countries, and in Turkey specifically, children usually do not leave "home" until they get married. Furthermore, in some cases they continue to stay with their parents even after they get married.

D.   TURKISH CULTURE

The people of Turkey are overwhelmingly Turks (about 90%) and Sunni Muslim (98%). About 3 million Kurds live in the eastern provinces and several hundred thousand Arabs in Hatay in the south part of Turkey. The number of Greeks was dramatically reduced by the population exchange between Greece and Turkey following the Treaty of Lausanne (1923). About 25,000 Jews live primarily in Istanbul, Ankara, and Izmir. The Greek Orthodox community is the largest Christian denomination, followed by the Gregorian church. Most of the population speaks Turkish, although minorities speak Arabic and Kurdish. More than half of the population lives in urban areas. Istanbul is the cultural, industrial, and commercial center; Ankara is the capital. Large-scale migration to the cities since the mid-century has led to overcrowding especially in Istanbul (Turkey web page).

1.   Greeting

Greeting is an important issue in Turkish culture. For example, everybody shakes hands in Turkey, when entering a room and when leaving it. Failure to shake hands when meeting someone or saying hello is considered rude, and a simple wave of the hands and a cheery (US- style) "Hello everybody" doesn't help. In Turkey, how a person is greeted by another is taken as a gauge of the relationship—close or distant, friend or non-friend, respect or lack of respect, and trust or distrust.

2.   Family

Family means everything to Turkish people. Relationships between family members are very tight. They live together with their family until they get married. Furthermore, it is common for two families to live together (children tend to stay at home with his/her spouse even after they get married).

Respect for parents and other elderly is important for Turkish people. The elderly generally receive help and sympathy from younger people. For instance, public buses are usually very crowded in Turkey, and many passengers have to travel on foot. If a young man is sitting on a seat in such a crowded bus when an old person gets on, it is very rude of him not to get up and turn over the seat.

3.   Hospitality

One of the outstanding characteristics of the Turkish culture is hospitality. In the Turkish culture hospitality is not extended just to friends, relatives, or neighbors, it is also extended to complete strangers. This true especially in the villages; one can just go knock on any door to get food and stay overnight. Big cities, however, are not the same. Even though people live in the big cities appreciate this tradition, they cannot afford to risk themselves by accepting into their home a person they don't know. In this sense, the big cities in Turkey are not much different from other American or European cities, as far as the dangers are concerned. However, Turks maintain this tradition among people that they know.

4.   Friendship

The Turkish concept of the rights and duties of friendship are very different from how most people in the U.S. view the friendship. In the U.S., a friend is someone whose company one enjoys, who can be asked for help, who shares similar interests, and who can be trusted.

To a Turk, a friend is all of the above, but is also someone who has a duty to do favors and give any possible assistance to a friend. A friend, in Turkey, never simply says "no." Friendship requires that a Turk never simply refuses to do a favor or decline a request. This doesn't mean that the friend must actually do the favor. What's important is to not refuse outright, and to give your friend some attention. If the favor can't be done, or the friend doesn't want to do it for some reason, the most effective response is to listen carefully and suggest "to do one's best to help while the result is still doubtful."

This leads to one of the most frequent misunderstandings between Turks and Americans. When a Turk asks an American friend for a favor, the American may view the favor as an imposition, and the Turk is disappointed by the lack of friendship demonstration by the American.

The aspects of two cultures mentioned here will help interpret the survey results along with the opinions of business people who are doing business with Turkey. Looking at the negotiations from a long-term point of view, negotiators should be aware that they might be negotiating with the same people for years. In the case of Turkish negotiators, for example, one might expect to develop a friendship that goes beyond just a business relationship.

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Cultures have many aspects such as history, language, religion, people's life style, games, arts, traditions, moral perceptions, and even technology. This is too broad a subject and is beyond the scope of this thesis. The main concern of this chapter, however, was the aspects of cultures that address the customized interrelationships between people.

IV. DETERMINATION OF KEY CULTURAL DIFFERENCES

A. INTRODUCTION

The purpose of this chapter is to present the results of the survey conducted among Turkish and American participants. The intent of the survey is to reveal the cultural differences between Americans and Turks. In this regard, the five dimensions of Prof. Hofstede's model are used to distinguish the two cultures. This model was developed by Prof. Geert Hofstede in mid 1980s and is still the most used and referred model among researchers of intercultural relationships. The first version of this model included four dimensions of culture. Later, Hofstede added the fifth dimension, which is "Confucian Dynamism," to explain rapid economic developments in East Asian countries (Hofstede & Bond, 1988).

B. SURVEY OVERVIEW

As mentioned above, this survey is based upon the "five dimensions" model of Prof. Hofstede. He observed the characteristics of cultures in five categories. These are: "Power Distance," "Uncertainty Avoidance," "Individualism versus Collectivism," "Masculinity versus Femininity," and "Confucian Dynamism." First, he determined common characteristics of each dimension. Next, he developed five survey questions for each dimension to determine to what extent a given culture reflects those common characteristics of each dimension. Based on responses to the survey questions, he determined scores for each category and for 52 countries. This allowed him to compare the characteristics of cultures and determine the differences between the cultures in quantitative terms.

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The highest possible score in Prof. Hofstede's survey was 125 where it was 100 in the survey used in this thesis. Therefore, the scores should be restated to a common base to be able to compare the results of the two surveys.

In this survey respondents were asked to grade each question between "1" and "5." "1" represented that the participant "strongly disagreed" and "5" represented that he or she "strongly agreed" the proposition provided in each question. There were five questions for each dimension.

The following formulas were used to express the scores in 100-scale base. The formula for "Power Distance:"

$$\textbf{PDI} = \textbf{125} - \sum_{i=1}^{i=5} (\textbf{a}_i) \times \textbf{5} \qquad [a_i = \text{answer of the (i)th question}]$$

The formula for "Uncertainty Avoidance:"

$$\textbf{UAI} = \textbf{125} - \sum_{i=6}^{i=10} (\textbf{a}_i) \times \textbf{5} \qquad [a_i = \text{answer of the (i)th question}]$$

The formula for "Individualism versus Collectivism:"

$$\textbf{IDV} = \sum_{i=11}^{i=15} (\textbf{a}_i) \times \textbf{5} - \textbf{25} \qquad [a_i = \text{answer of the (i)th question}]$$

The formula for "Masculinity versus Femininity:"

$$\textbf{MAS} = \sum_{i=16}^{i=20} (\textbf{a}_i) \times \textbf{5} - \textbf{25} \qquad [a_i = \text{answer of the (i)th question}]$$

The formula for "Confucian Dynamism:"

$$\textbf{CDI} = \sum_{i=21}^{i=25} (\textbf{a}_i) \times \textbf{5} - \textbf{25} \qquad [a_i = \text{answer of the (i)th question}]$$

The reason for using two different calculation methods was mainly the propositions presented in the questions. For "Power Distance" and "Uncertainty

Avoidance" indexes, the higher the score for each question the lower the total (PDI or UAI) score. For "Individualism versus Collectivism," "Masculinity versus Femininity," and "Confucian Dynamism" indexes, the higher the score for each question the higher the total (IDV, MAS, or CDI) score. For example, the first question reads: "A child's opinion counts as much as a parent's in the family" and asks the respondent to score between "1-strongly disagree" and "5-strongly agree." In this example, if the participant strongly agrees with the proposition (i.e., grades "5") this means his or her "Power Distance" is low and should be represented with a lower PDI score. The same situation is valid for "Uncertainty Avoidance" indexes.

C.   DIFFERENCES IN THIS SURVEY

This survey used mainly Hofstede's questions. However, his questions were modified to fit the needs of this particular study. 13 out of 25 questions were restated in a different style, and the remaining 12 questions were replaced with more appropriate ones to specifically address American and Turkish cultures. Replaced questions were developed in accordance with the discussions in Hofstede's model. Hofstede discussed characteristics of all dimensions and provided common connotations to aid in the understanding of those characteristics. In light of Hofstede's discussions, this survey tailored the questions to fit this particular study without changing the primary intent of the original model.

The differences of these survey questions from Hofstede's are presented below:

- Thirteen out of 25 questions are restated to fit this particular survey.

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- Twelve of the questions were replaced with more appropriate ones to address specifically American and Turkish cultures.

- In this survey, questions are asked to the participants in a way that what he or she thinks other members of the same culture would respond. It is anticipated that participants, especially Turkish participants, would respond to the questions in a way that they think it would be "more appropriate," rather than giving an indication of what they truly believe. As a member of Turkish culture, I personally believe it is common that a Turk will respond in a manner that leaves the interviewer with a positive impression of the interviewee. In fact, this point might be true for everybody to some degree. Thus, the questions are indirect. For example, "In your culture, do people smoke when they are with their parents in the same room even if they are adults?" rather than "Do you smoke when you are with your parents in the same room?" Consequently, the subjects of the answers are related to "we" rather than "I." This helps participants to reveal their true "responses." I strongly believe using this kind of question method provides much more accurate results.

- According to Hofstede's research, Turkish culture's MAS score is score is 36 while the U.S. score for the same dimension is 50. This suggests Turkish culture presents more "Feminine" characteristics than U.S. culture does. This result might not reflect the real characteristics of the cultures. The reason for this difference might be the way that Hofstede asked the questions to Turkish people as the way mentioned above.

- Hofstede's questionnaire is too broad and is intended to cover all cultural characteristics. This may provide an insight for a given culture. However, it may not

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cover all the aspects of that culture. The survey questions used in this study are adjusted to reveal especially American and Turkish cultures' characteristics consistent with Hofstede's (five dimensions) model. This is achieved by using common connotations and characteristics of dimensions that Hofstede discussed in his study, "Culture's Consequences: International Differences in Work-Related Values," as the base and merging these characteristics and connotations with my personal observations on Turkish and American cultures to develop new propositions (or to adjust his propositions) for each dimension.

- The participants of his survey represent a particular group of the societies (primarily IBM workers). Thus, results of his survey reflect the opinions of that particular group, and may have some deviations when generalized to the whole culture or to the negotiators. The survey used in this study, however, was asked primarily of people who participate in international business. Thus, this study would be more appropriate to use for contract negotiation purposes.

- Prof. Hofstede's study did not determine a CDI score for Turkey.

D. SURVEY PRESENTATION

This section presents the results of the survey for each dimension. See Appendix F for the survey questions. This survey had 33 responses from Turks and 22 responses from Americans, totaling 55 responses. Fourteen of the Turkish respondents and 13 of American respondents participated, to some extent, in negotiations on behalf of their organizations.

In each category there were particular questions which were thought more important than the rest. The reasons why they were thought to be more important, for such questions, are provided in its category. The comparison between the responses of American and Turkish participants for these particular questions was based on mean scores. See Appendix G for the mean scores of all questions.

For each category score distribution graphs are presented. These graphs are based on the responses obtained from participants. A tabular presentation of general score distribution is provided in Appendix H.

1.   Power Distance

The first five questions were intended to determine the "Power Distance" characteristics of American and Turkish cultures. These questions were: In the United States/Turkey....

- A child's opinion counts as much as a parent's in the family.

- Staff members can criticize their superiors' decisions at their presence and freely express their own opinions.

- Powerful people (in terms of status, rank etc.) try to look less powerful than they are.

- Power, status, and position are **_not_** really very big sources of privileges.

- Staff members' attitude towards their (ideal) boss can be described as the respect to a friend rather than the respect to one's "father."

According to the results of this survey, the total PDI score was 48 for the United States and 54 for Turkey. Figure 4.1 and Figure 4.2 show the distribution of PDI scores of Turkish and American respondents, respectively.
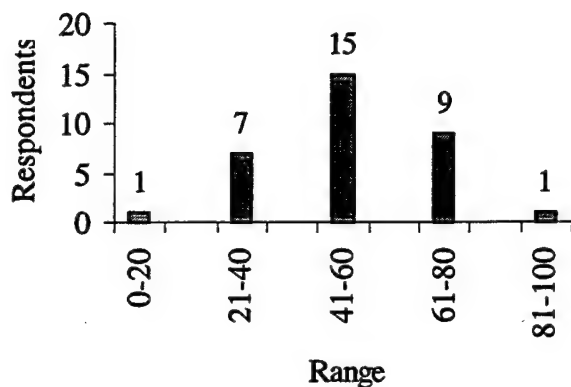
Figure 4.1 PDI (Turkish)
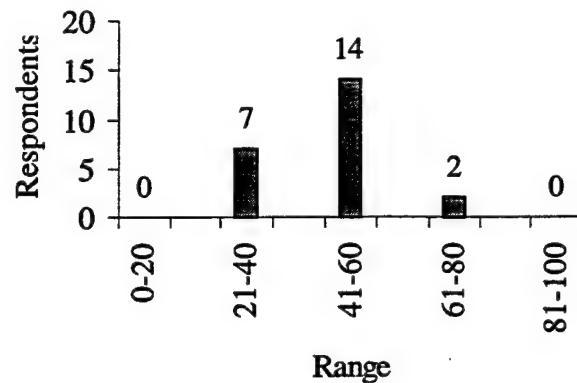
Figure 4.2 PDI (American)

Figure 4.3 presents the percentage comparison of "Power Distance Indexes" of American and Turkish respondents.
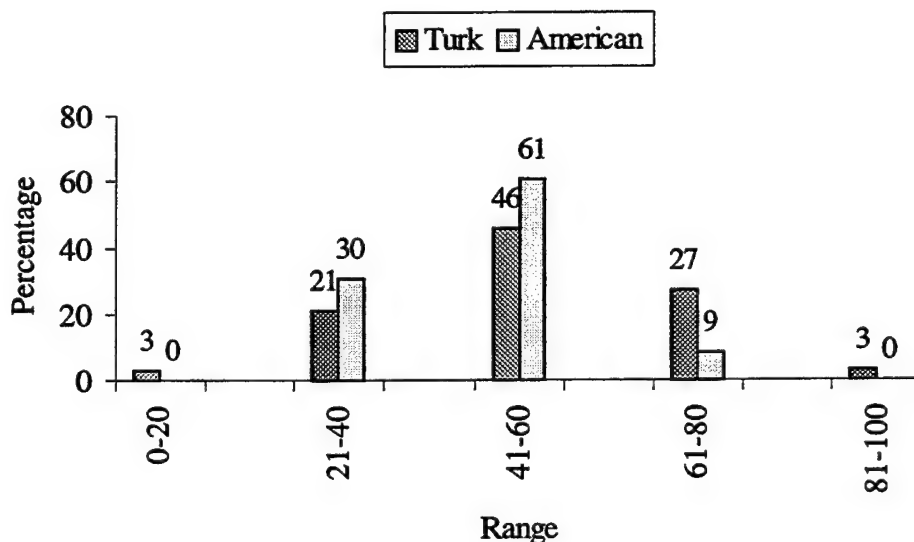
Figure 4.3 PDI (%) Comparison

There were three particular questions in this category that are thought to be more important when compared to the remaining two. The first one was the first question, which reads: "A child's opinion counts as much as a parent's in the family." The reason that this would be an important question is the opinion of children's places in their family

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in each country. I observed that American people usually talk to their children like grownups. On the other hand, in Turkish families, the approach to children is different. They are more like toys to play with and never treated like grownups. My personal opinion was that this is one of the obvious differences between two cultures. The mean score of American participants for question #1 was 3.0 and for Turkish participants it was 3.1. This means there is a very slight difference between American and Turkish cultures as far as the children's opinions count in the family and the "Power Distance" concerns within the family.

The second and the fourth questions were also thought to be important because of the expectation that the answers of the two cultures to these two questions would be at the opposite ends of the scale. However, there were only slight differences in the responses to these two questions. For question #2, the Americans' mean score was 3.0 and the Turks' mean score was 3.2. For question #4, the Americans' mean score was 2.3 and the Turks' mean score was 2.4.

The fifth question, which reads "Staff members' attitude towards their (ideal) boss can be described as the respect to a friend rather than the respect to one's "father," got the most varied result in this category The mean score of the Americans' for the fifth question was 3.1 while the Turk's mean score was 4.4.

2.   Uncertainty Avoidance

Questions six through ten were intended to determine the "Uncertainty Avoidance" characteristics of American and Turkish cultures. These questions were: In the United States/Turkey....

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- People think change is good and different is attractive.

- People think there should not be more rules than are strictly necessary.

- People adore the successful and blame the less successful (unsuccessful gets no sympathy).

- Competition is valued as something positive and leading to achievement.

- People think motivation at a place of work results from clearly defined goals and a great deal of responsibility as responsibility is a proof of success.

This category was the one that showed the most difference between the two cultures. Total UAI score for the United States was 28, for Turkey the score was 54. This means that Americans are much greater risk-takers when compared to Turks. However, Turks are also risk-takers to some degree, since they scored 54 out of 100. Recall that the lower the UAI score, the greater the willingness to take risks in order to achieve one's goals. See Appendix B for more differences. Figure 4.4 and Figure 4.5 show distribution of UAI scores of Turkish and American respondents respectively.
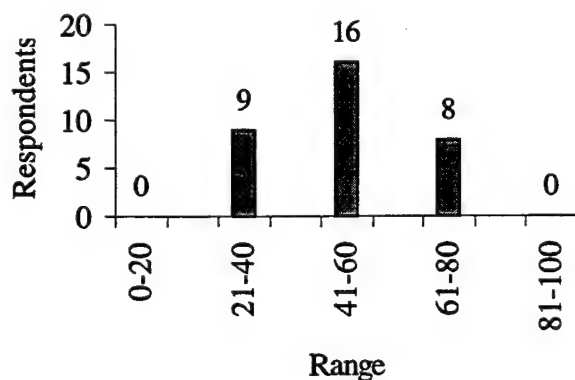
Figure 4.4 UAI (Turkish)
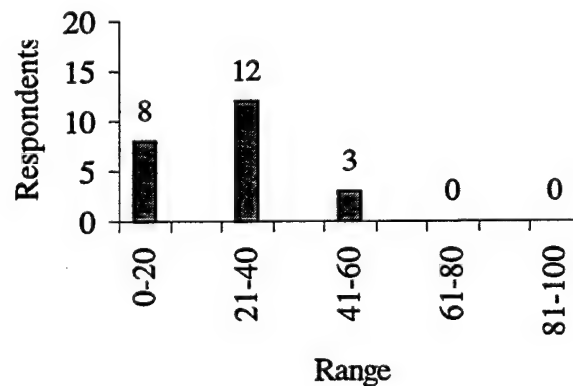
Figure 4.5 UAI (American)

Percentage comparison of "Uncertainty Avoidance Indexes" of American and Turkish respondents is presented below in Figure 4.6.
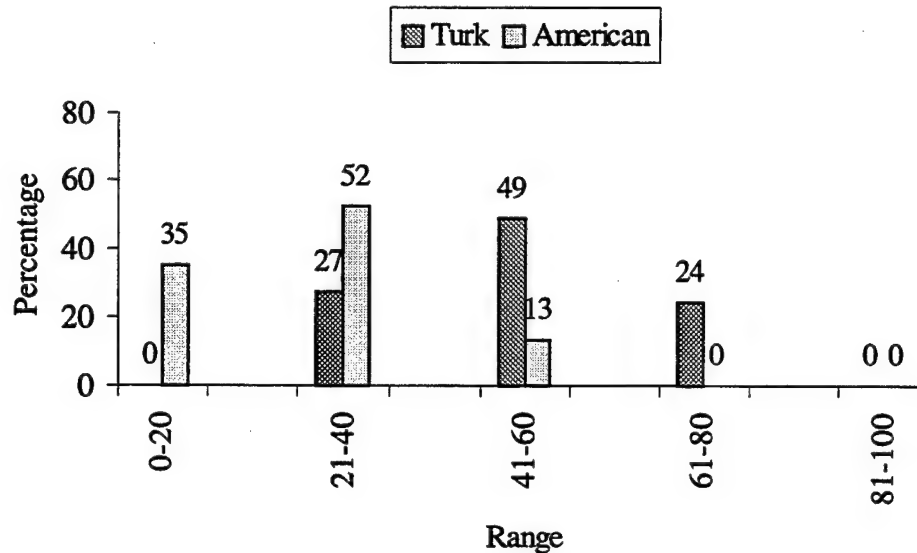
Figure 4.6 UAI (%) Comparison

In this category, the sixth question is thought to be more important than the other four to help reveal "Uncertainty Avoidance" differences. The sixth question reads as follows: "People think change is good and different is attractive." Based on my observations of the two cultures, Americans seemed to be more willing to try new things when compared to Turks. For example, Americans change jobs much more frequently than Turks do. It is not common for Turks to change jobs unless it is truly necessary. However, the survey results did not support this expectation. The mean score of the Americans for question #6 was 3.3 where this was 2.6 for the Turks. The difference was not quite significant.

The greatest response differences in this category were in questions seven and ten. For question #7, which reads: "People think there should not be more rules than are

strictly necessary," the Americans' mean score was 4.1 and the Turks' mean score was 2.5. This suggests Americans prefer to find their own way of doing things, whereas Turks tend to depend on guidance from other sources, i.e., rules and regulations. For question #10, which reads: "People think motivation at a place of work results from clearly defined goals and a great deal of responsibility as responsibility is a proof of success," the Americans' mean score was 4.2, whereas the Turks' mean score was 2.9. This score difference suggests providing Americans with greater responsibility at work will increase their motivation to succeed. Considering the highest possible mean score would be "5," the Americans' score of 4.2 in this question is very high, the Turks' score of 2.9 is above midpoint.

3.   Individualism versus Collectivism

Questions 11 through 15 were intended to determine the "Individualism versus Collectivism" characteristics of American and Turkish cultures. These questions were: In the United States/Turkey....

- The relationship between employer and employee is a contract based on mutual advantage *not* on moral terms, like a family link ("big brother-little brother" or "father-child").

- The task prevails over relationships.

- A superior who makes use of his/her power in order to get a job for a member of the family in *need* is regarded as immoral.

- Promotions are granted because of performance and not because of age.

- Helping one another among neighbors (including monetary issues) is not very common.

This category represented the second highest difference between the two countries after "Uncertainty Avoidance." The total IDV score for the Unites States was 78, and the IDV score for Turkey was 56. Recalling the common connotations for "low" and "high" IDV" countries provided in Appendix C, this result suggests, for example, Americans prefer individual decisions whereas Turks are more likely favor group decisions. See Appendix C for more connotations. Figure 4.7 and Figure 4.8 show distribution of IDV scores of Turkish and American respondents respectively.
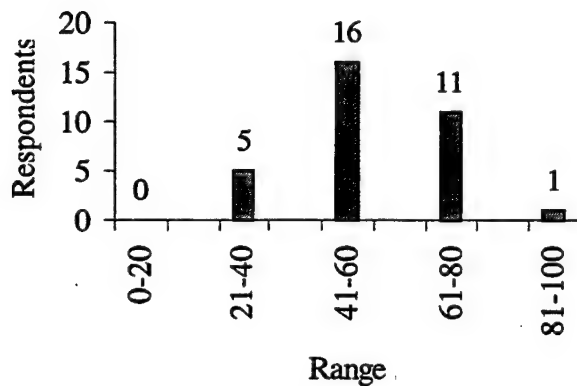
Figure 4.7 IDV (Turkish)
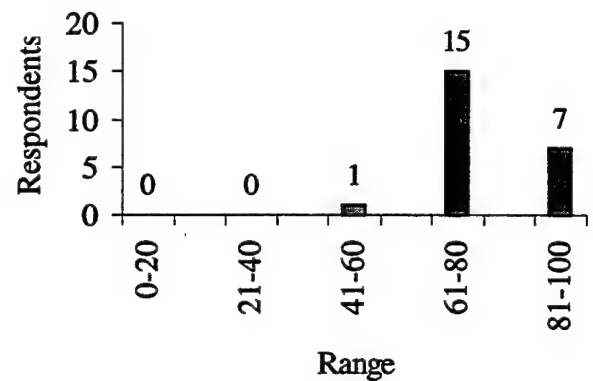
Figure 4.8 IDV (American)

A comparison of "Individualism versus Collectivism Indexes" of American and Turkish respondents is provided in Figure 4.9.
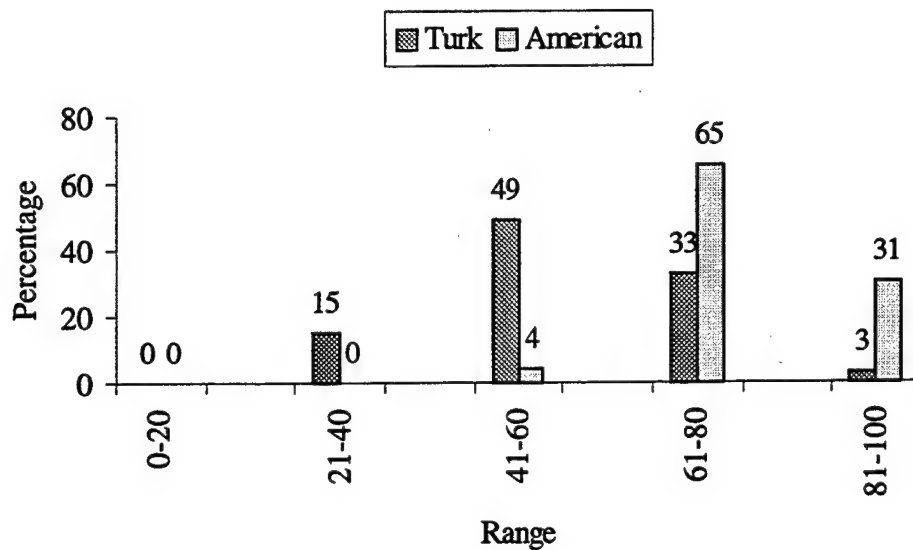
Figure 4.9 IDV (%) Comparison

Questions 13 and 15 were thought to be most important in revealing the "Individualism versus Collectivism" differences between the cultures. Question #13 reads: "A superior who makes use of his/her power in order to get a job for a member of the family in *need* is regarded as immoral." As a member of Turkish culture, I personally think that this is very common in Turkey, and a considerably high number of people tend to accept this as normal behavior. On the other hand, Americans might not consider taking this kind of favoring behavior appropriate. The survey results suggest this is the case. The mean score of Americans for question #13 was 4.0, and the mean score of Turks was 2.8. This suggests Americans generally agree that making use of one's power in order to get a job for a member of the family in need is immoral. This result shows us that family or group relationships in the Turkish culture are much tighter than in the American culture. This may also suggest an American's priority is himself or herself, while a Turk's priority is his or her group (family, friends, etc.).

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The other important question in this category was the question #15, which reads: "Helping one another among neighbors (including monetary issues) is not very common." This issue is thought to be the most obvious distinction between "Individualistic" and "Collectivist" cultures. The mean score of Americans for question #15 was 4.4 where this was 2.5 for Turks. The survey results suggest that there is a clear distinction between Turkish and American cultures in helping each other among neighbors. Turks are more concerned with the problems of their group (in this case their neighbors).

4. Masculinity versus Femininity

Questions 16 through 20 were intended to determine the "Masculinity versus Femininity" characteristics of American and Turkish cultures. These questions were: In the United States/Turkey....

- Men are assertive, ambitious and "tough."

- Conflicts are resolved by fighting them out.

- Managers are expected to be decisive and assertive.

- People with a basic knowledge of many things are admired rather specialists or experts in a few areas.

- There are only a few rules to be obeyed in the society.

The survey revealed that in this category there was only a very slight difference between the countries. Both countries have almost the same degree of femininity/masculinity characteristics. This is not consistent with Prof. Hofstede's survey. According to his survey, Turkey's MAS score was 45 (out of 125) and the United

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States score was 62 (out of 125). These scores can be restated as 36 and 50 out of 100 respectively. In this survey, however, the total MAS score was 43 for the Unites States and 42 for Turkey. A possible explanation for this may be the way that Hofstede asked the questions to Turkish people, as discussed in section C of this chapter. Figure 4.10 and Figure 4.11 show the distribution of MAS scores of Turkish and American respondents respectively.
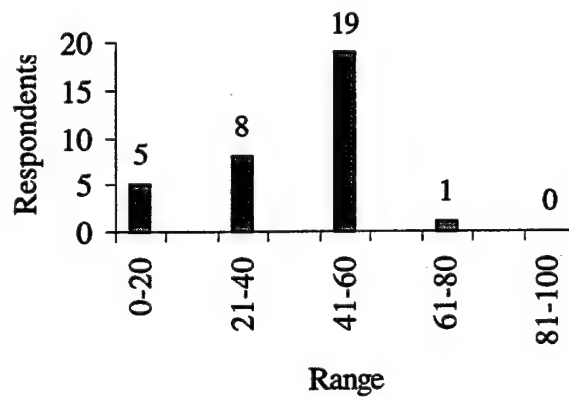

Figure 4.10 MAS (Turkish)
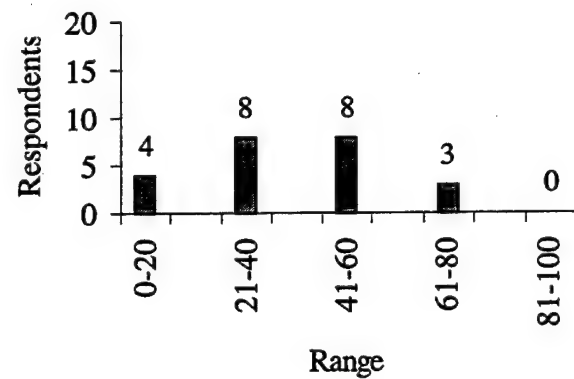
Figure 4.11 MAS (American)

Percentage comparison of "Masculinity versus Femininity" indexes of American and Turkish respondents is presented in Figure 4.12.
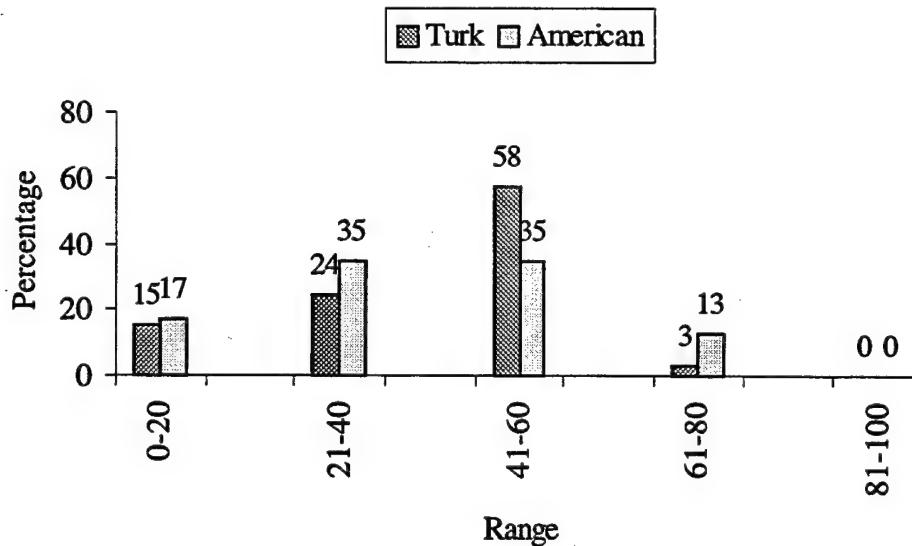
Figure 4.12 MAS (%) Comparison

To distinguish between the two cultures for this dimension, the key question was the question #17, which reads as follows: "Conflicts are resolved by fighting them out." Turks typically tend to insist their positions prevail, rather than trying to find a common ground. This may be a significant barrier with regard to negotiations. However, neither the seventeenth question nor the other four questions in this category suggested any significant difference between the countries. The mean scores for all of the questions were very close, with variances within 0.1-0.7 range. Thus, the characteristics of this category are less likely to have a significant impact on the negotiation process.

5. Confucian Dynamism

The questions #21 through #25 were intended to determine the "Confucian Dynamism" characteristics of American and Turkish cultures. These questions were: In the United States/Turkey....

- People can clearly distinguish between good and bad.

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- Balance and constancy rank first (rather than the idea that everything is relative and might change at any time).

- Children are taught to ask "why" rather than "what" and "how."

- People often refer to their roots and their past.

- People want to bring into accord all information (they don't like to live with contradictory information).

Figure 4.13 and Figure 4.14 show distribution of CDI scores of Turkish and American respondents respectively.
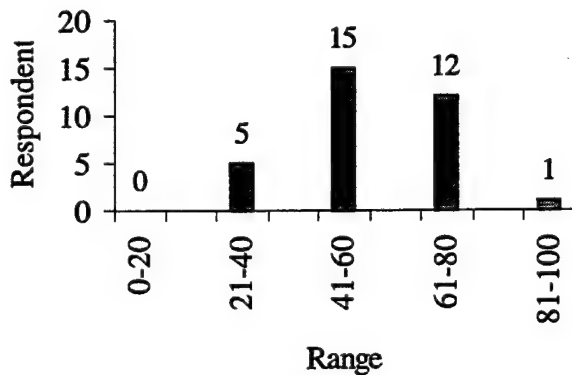

Figure 4.13 CDI (Turkish)
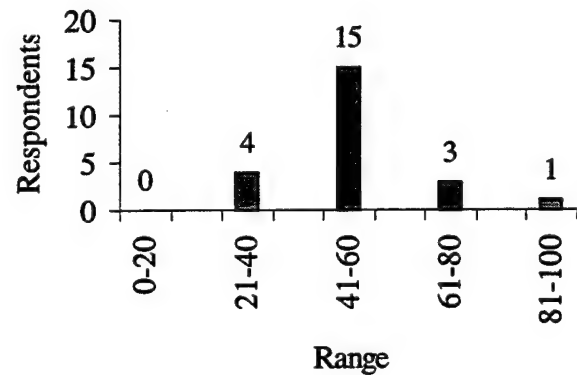
Figure 4.14 CDI (American)

The percentage comparison of "Confucian Dynamism Indexes" of American and Turkish respondents is provided below in Figure 4.9.
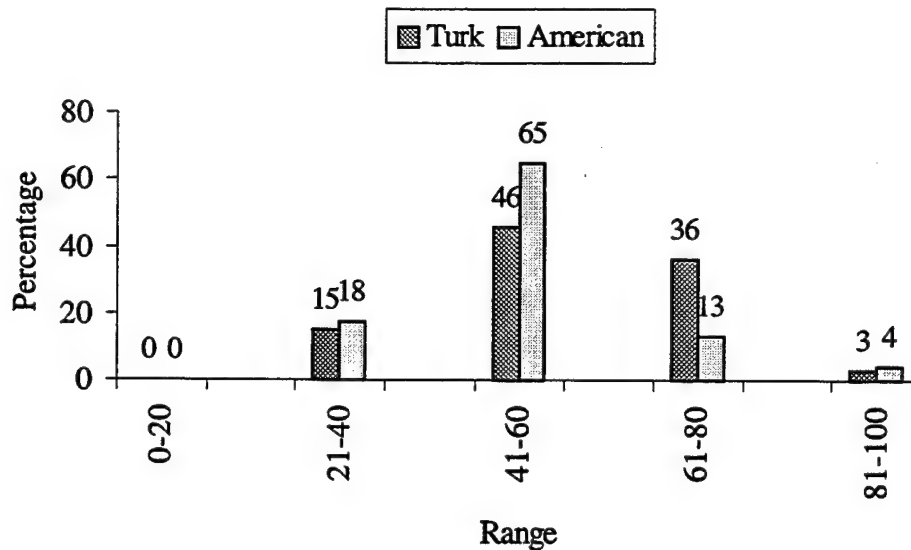
Figure 4.15 CDI (%) Comparison

This dimension also presented a very low difference between these two particular cultures. According to the results of the survey, both countries have about the same degree of "Confucian Dynamism" characteristics. The total CDI score was 55for the Unites States and 58 for Turkey.

In this category, all the questions used were the same as Prof. Hofstede used in his survey. In his previous work, Prof. Hofstede determined the CDI score for the United States but did not determine this score for Turkey. According to his survey, the United States' CDI score was 29 out of 125 (Hofstede, 1997). This was a very different score when compared to the United States' adjusted CDI score of 55 out of 100 in this survey. The reason for this difference might be that these two surveys' participants represented different groups of people in their countries. Most of his participants were IBM Company workers. This survey's participants, on the other hand, were predominantly negotiators and purchasing people of their organizations.

6. General Comparison of Dimensions

This survey revealed that "Uncertainty Avoidance" and "Individualism versus Collectivism" characteristics of the American and Turkish cultures are quite different from each other. Americans tend to be more individualistic and more inclined to take risks when compared to Turks. However, Turks also possess these characteristics, although to a lesser degree than Americans do. Overall, Turks' scores are around midpoint. A general comparison of all five dimensions is provided in Figure 4.16 below.
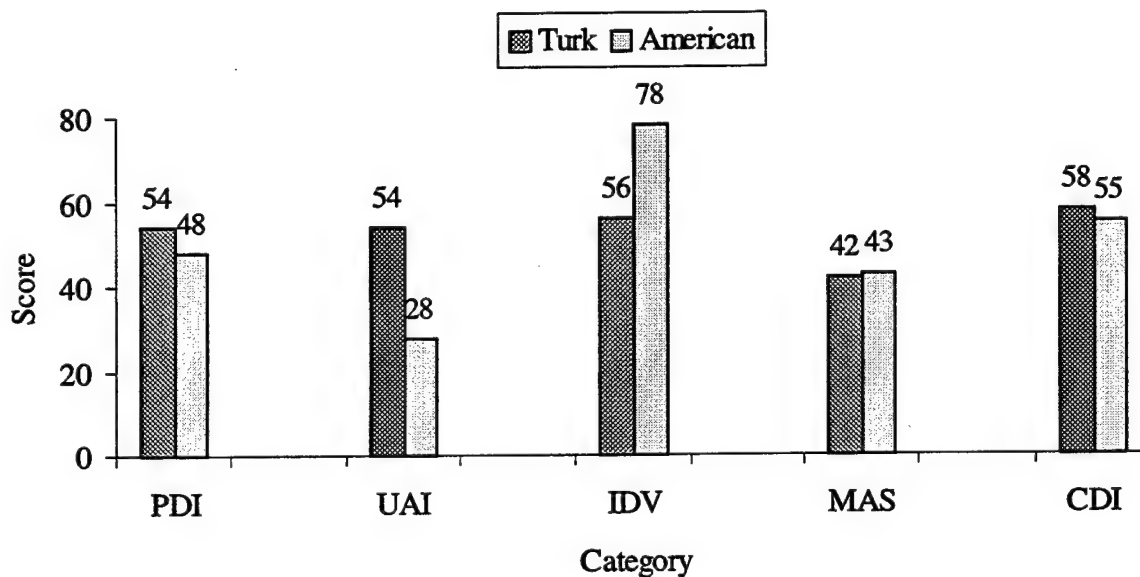
Figure 4.16 General Comparison

Although there was a difference in "Power Distance" characteristics, this difference is not as significant as in the "Uncertainty Avoidance" or "Individualism versus Collectivism" dimensions.

The difference in cultures as far as "Masculinity versus Femininity" and "Confucian Dynamism" characteristics are concerned was insignificant; this suggests these dimensions would not have a major effect on negotiations between Americans and

Turks. Thus, for these two dimensions, negotiation between the entities of the two countries is not very different than domestic negotiations.

Chapter V is an integrated analysis of the information developed in this survey, the cultural properties discussed in Chapter III, and additional information developed from email and telephone conversations with experienced Turkish and American businessmen.

V.   ANALYSIS AND GENERAL CONSIDERATIONS

A.   INTRODUCTION

The purpose of this chapter is to provide some general considerations and guidance to aid for Turkish and American contract negotiators in reaching desirable agreements and establish long-term relationships. This can be achieved by analyzing the cultural background the survey results presented in Chapter IV, information provided in Chapter III, and additional information obtained from experienced Turkish and American businessmen.

Since there are significant differences in the "Uncertainty Avoidance" and "Individualism versus Collectivism" dimensions, these are the focal points of this analysis. However, it is necessary for the reader to keep in mind that although the differences in these two categories are quite significant, Turkey's scores are not at the extreme ends of the spectrums. In other words, Turkey does not present very "Individualistic" or very high "Uncertainty Avoidance" characteristics. On the other hand, the United States' scores of these two categories are close to the low (for "Uncertainty Avoidance") and the high (for "Individualism") ends of these spectrums. Therefore, the Americans almost perfectly represent the characteristics of high "Individualism" and low "Uncertainty Avoidance" dimensions.

B.   ANALYSIS OF RESULTS

1.   Power Distance Differences

The only noteworthy difference in this category was in the fifth question which reads: "Staff members' attitude towards their (ideal) boss can be described as the respect

to a friend rather than the respect to one's father." It would not be appropriate, therefore, to generalize all of the characteristics of this dimension to the cultures when discussing "Power Distance" effects. In this sense, only the effects that can be derived from the answers to the fifth question will be analyzed in this dimension.

Issue

This survey revealed that the Turkish people's respect for their bosses is more like the respect for one's father. On the other hand, this respect for Americans is more like the respect for a friend. This tells us that in the United States the "Power Distance" between the boss and the subordinate is very low. Americans can more easily communicate with their bosses, discuss most issues and find mutual solutions to the problems together if needed. This makes it easier for them to accept and disclose their faults and try to correct them, even with the aid of their bosses.

The effect of this different relationship with the boss in negotiations may appear when the negotiator makes a mistake. Assume that a Turkish negotiator overlooked a fact about his or her position when preparing for the negotiation. Also assume that the American negotiator noticed that Turkish negotiator was mistaken and offered a more reasonable option for agreement. In such a case the Turkish negotiator may have to go back and inform his/her boss of the situation (and his/her mistake) and attempt to change his/her position or accept the American's offer. It is possible that in some similar cases the high "Power Distance" between the Turkish negotiator and his/her boss may prevent him/her from going back and talking to the boss about the situation and the mistake. Therefore, the Turkish negotiator may try to disguise his/her mistake by insisting on

his/her position. This may result in a lost opportunity to negotiate a more desirable agreement for both parties.

Consideration

Turkish negotiators should be very careful not to make mistakes or errors when preparing for negotiations. It may be very difficult to go back and explain that mistake to higher levels of authority due to the high "Power Distance" between the subordinate and the boss. In this sense, it may be helpful for Turkish negotiators to try reducing the "Power Distance" with their boss to more efficiently communicate.

From the American negotiators' standpoint, it may be helpful to recognize a situation such as this, and be prepared to offer a position that allows the Turkish negotiator to save face with his/her boss.

Issue

Respect for the elderly should be another important point for consideration in Turkish-American negotiations. As discussed in Chapter III, respect for the elderly is a very important aspect of Turkish culture. This respect is not only within family relationships; it pertains to any elderly person. This characteristic of Turkish culture might be critical in negotiations when people from different age groups negotiate. When a younger Turk negotiates with an older American, it is probable the Turk will show respect for the American that is not accustomed to. This situation may enhance negotiations and improve the relationships of the negotiators. On the other hand, negotiation between a younger American and an older Turk might result a less satisfactory negotiation and a weakened relationship, if the sides are not aware of this cultural difference. A Turkish negotiator in such a situation may expect more respect than

the American normally would show. Turkish people usually address their elders by their titles such as Mr. Ilyas or Mrs. Rana. If the persons are close enough they may use the titles such as "uncle" and "aunt," even if they are not their real uncle or aunt. If the American negotiator becomes aware of this sensitive characteristic of Turkish culture, and is more considerate of this cultural difference, the American may be more effective in reaching a desirable agreement and establishing long-term relationships.

Consideration

American negotiators should try to show more respect when dealing with older Turks. This should help improve relationships between parties. A Turkish negotiator may be aware of American attitudes about respect, and may be prepared for less respect from an American negotiator. However, surprising a Turk by showing a little extra respect may significantly improve negotiations.

2.   Uncertainty Avoidance Differences

This category presented the most significant difference between the American and Turkish cultures. The difference was apparent in all of the questions (see Appendix G). Therefore, it will be more appropriate to analyze "Uncertainty Avoidance" dimension differences, rather than individual questions. In this sense, issues that are related to "Uncertainty Avoidance" are discussed below.

Issue

First of all, everything should be clear for Turkish negotiators. Unclear and unpredictable situations makes Turkish negotiators nervous. Unexplained situations, unanswered questions, undetermined schedules, uncompleted plans or unplanned

activities may endanger a desirable agreement. In this sense, Turkish negotiators would like to find their counterparts (especially when the other side is the supplier) prepared for questions and have plans for contingencies, even if they are not prepared themselves. This makes them feel safe and may build confidence towards the other side. American negotiators however, may have only a general sense about the situation and have answers only to critical or vital questions since they do not feel unsafe or unshielded without appropriate answers to each and every possible question.

Consideration

To overcome any possible conflict about this issue and to build confidence, American negotiators should be elaborately prepared for negotiations and have contingency plans.

Issue

As mentioned in Chapter II, in high "Uncertainty Avoidance" countries the subordinate's initiatives are strictly controlled. Turkey is not at the "high" end of "Uncertainty Avoidance" spectrum. However, it still presents higher "Uncertainty Avoidance" characteristics when compared to the United States. In this sense, there is more oversight of Turkish negotiators. As a result of this oversight, American negotiators may find Turkish negotiators do not have the necessary authority to complete a negotiation. Americans may be upset in this situation, and may suspect this as a Turkish negotiation tactic. This may result in misunderstandings in the negotiations, and be a barrier to successfully complete negotiations.

Consideration

American negotiators should be prepared to find Turkish negotiators do not possess the authority to sign a contract. They may request negotiators with the necessary authority; however, they should be careful not to offend anybody, since this may damage or destroy relationships.

Issue

In Chapter II, it is also mentioned that a common perception in high "Uncertainty Avoidance" countries is "what is different is dangerous." Therefore, American negotiators would be advised not to expect instant decisions in situations that the Turkish negotiators are unfamiliar with. They need time to evaluate and accept or reject such unfamiliar risks, even if those risks appear reasonable. This is a result of the common connotations, such as "higher job stress," "fear of failure," "tendency to stay with the same employer" associated with high "Uncertainty Avoidance" countries (see Appendix C). The Turkish negotiators may try to reduce their responsibility to the minimum point possible. They may not even want the authority to sign the contract in such risky (unfamiliar) cases. American negotiators, on the other hand, are more willing to take unfamiliar risks and deal with conflicts and ambiguous situations. This may make Turkish negotiators more nervous, and they may be over-cautious about those risks and risk-taking attitudes of the American negotiators. Consequently, the negotiation process between the parties may slow down or break off, and the trust for each other may be damaged or completely lost.

Consideration

American negotiators should be patient when negotiating with Turks if unfamiliar risks are present. Turks may need time for elaborate evaluation and approval from higher authority levels.

Issue

Information gathered from American businessmen suggests that one of the common problems when dealing with Turks is inflexible delivery schedules. Compared to most international customers, their Turkish counterparts are very intolerable about the late deliveries. A businessman commented that his company was doing business all over the world, and never paid late delivery penalties to any customer and never requested such a payment from a supplier. With Turkey, they need to pay it from time to time even if their suppliers are at fault. He said "We, as any other supplier, can absorb it to a point beyond which it does not make sense any longer to continue to do business with Turkey (We are not at that point...)." He said that Turkish military procurement offices never tolerate such delays, even if it were only a one-day delay (Amir).

Another issue linked to lack of flexibility of Turkish people involves administrative specifications imposed in the contracts. Many American firms pointed out this issue as a significant problem when doing business with Turkey. Generally, Request for Qualifications (RFQs) and Purchase Orders (POs) are accompanied by an extensive set of administrative specifications. Efraim Amir, American Vice President of ILN Technologies Inc., commented that "Although administrative specifications are also typical to U.S. companies (e.g., GE, which is one of our major customers), they do not tend to immediately force those specifications for any small deviation, but rather to

discuss it in order to establish a solution" (Amir). He said that "I find (with some positive exceptions) a lack of flexibility of the Turkish procurement authorities, and I know of a few US companies that have decided to cease their business with the Turkish military as a result of that" (Amir).

Consequently, the strict and inflexible attitude of Turkish authorities towards their suppliers is a significant potential for conflict in relationships.

The conflict due to the lack of flexibility of the Turkish procurement offices, no matter if it is for schedule or for administrative specifications, is a result of high "Uncertainty Avoidance" characteristic of the Turkish culture relative to American culture. The two connotations of high "Uncertainty Avoidance" countries were "more emotional resistance to change (in this case change in schedule or change in the administrative specifications)" and "company rules should not be broken" among others (see Appendix C). The lack of flexibility among Turks therefore, would be basically the reflection of these two common connotations. Moreover, flexibility might burden the Turkish negotiator with extra responsibility. This is not very desirable for any member of high "Uncertainty Avoidance" culture.

Consideration

Turkish negotiators should be aware that procurement authorities usually have a lack of flexibility where both schedule and administrative specifications are concerned. Knowing that, they should try to be more flexible during negotiations and provide some negotiating room for their American counterparts. Setting tight schedule objectives and imposing unnecessary administrative specifications may cause conflicts in later negotiations.

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On the other hand, American negotiators should be aware of Turkish authorities' lack of flexibility and negotiate schedules and administrative specifications that they can comply with. Once they agree with the schedule and any administrative specification however, they should know that strict compliance will be expected by the Turks.

Issue

In some cases, a Turk's approach to the negotiations is in the sense of "take it or leave it!" rather than trying to find a mutually desirable option to reach an agreement. This approach may create opportunities for conflict, especially when American approach is "everything is negotiable" and "nothing is taken for granted." Turkish authorities may want to impose some unique and unnecessary specifications that Americans may not be willing to accept. They also may insist on one way of doing things and avoid trying innovative (risky) and better ways. This may disappoint American negotiators.

Consideration

Old ways of doing things generally seem safer and, from a Turkish perspective, are thus desirable. In many cases however, Turks overlook innovation and improvement. Turkish negotiators should know that the "my way or highway" mindset usually impedes developing innovative solutions that may save a lot of time and money for both sides. In this sense, Turkish negotiators should learn to be open to new ideas and different ways of doing things. Usually there is more than one path to success.

3.   Individualism versus Collectivism Differences

This dimension represents the second most significant difference between Turkish and American cultures. Very similar to the situation in the "Uncertainty Avoidance"

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category, this category also showed differences in answers to all five questions. Therefore, it would be more appropriate to analyze the results and discuss the issues in "Individualism versus Collectivism," or low "Individualism" and high "Individualism," rather than analyzing responses to each of the five questions.

According to Hofstede's cultural survey (Hofstede, 1997) "Individualism" is one of the strongest values in the United States. Its score was 91 out of 125 (or 73 out of 100) in Hosftede's survey. In the survey that is conducted in this study, it has scored 78 out of 100. This is consistent with Hofstede's survey results.

The issues that are related to "Individualism versus Collectivism" dimension are discussed below.

Issue

As mentioned in Chapter II, collectivist cultures perceive people as in-group and out-group members of the societies. Turkey is almost a perfect example of this characteristic of low "Individualism" or high "Collectivism" cultures. Turkish people are usually a member of a group and they tend to see others as members of other social groups. This characteristic may lead Turkish negotiators to perceive their American counterparts as opponents to deal with, rather than their partners to solve the mutual problems and to reach a win-win agreement while establishing long-term relationships. As a consequence, Turkish negotiators may fight for a win-lose outcome. In this case, Americans may get frustrated and negotiations may break off.

Consideration

Turkish negotiators should give up group psychology and the tendency to classify people as in-group and out-group members. Or, at least, they should be willing to accept

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their American counterparts as in-group members to reach mutually desirable outcomes during the negotiations.

American negotiators should be aware of this categorization tendency, and seek for ways to be in-group members to establish good relationships and get desired results out of the negotiations.

Issue

In the collectivist cultures, negotiation styles tend to be indirect and relationship-oriented. Considerable time may be spent establishing a relationship of trust. This is seen as the first step to the agreement. Turks may put more value on the trust relationship between the parties while Americans (who usually want to get to the business directly) may not appreciate spending valuable time on this issue. Since Americans like quick evaluations and decisions on an issue, Turkish negotiators may feel pressured. This may lead to misunderstandings among the parties. For example, Americans may think that a preference for establishing trust before proceeding with negotiations is a delay tactic used by Turks. On the other hand, Turks may perceive an Americans' preference for "getting down to business" immediately as rude and imprudent.

Consideration

American negotiators should be patient when dealing with Turks and build trust first. Impatient and immediate actions might create mistrust in the Turkish negotiators.

Issue

Another issue with "Individualism" dimension was the connectivity of issues and harmony among them. This may lead Turkish negotiators to observe the problem as a whole. Americans (as "Individualists") on the other hand, prefer to solve one issue at a

time. During the negotiations process American negotiators may perceive any particular issue as "solved." However, that issue for Turkish negotiators might be "under consideration" to help evaluate other issues and other options since they "connect" all individual issues to each other. The final decision for each issue might be made until the end of negotiations, if all issues are in harmony and satisfactory. American negotiators may think it is "bad faith" when Turkish negotiators attempt to "renegotiate" issues Americans consider "resolved" while Turks view as "under consideration" until the parties reach a comprehensive agreement. Turkish negotiators may not represent all of these characteristics perfectly, since Turkish culture is not at the collectivist end of "Individualism versus Collectivism" spectrum. However, these issues might be very influential when dealing with American negotiators, since American culture represents an extreme level of "Individualism" and there is a significant difference between two cultures in this dimension.

Consideration

American negotiators should not expect to solve all issues one at a time when dealing with Turks. Since Turks tend to observe all issues as interconnected parts of a whole, they may want to go back and renegotiate any issue that Americans think is "resolved." Failing to be prepared for this kind of situation may upset and frustrate American negotiators.

Issue

Another characteristic of "Individualistic" cultures was the preference for individual decisions. In the negotiation process Americans generally have one person with sufficient authority to make decisions and sign the contract. Since the Turkish

culture is less "Individualistic," the Turkish side in the negotiation process might be different. Since the "Collectivist" cultures are generally group-oriented, American negotiators may find multiple Turkish negotiators working as a team. In such teams however, the boundaries of authority and responsibility may appear ambiguous. This situation may upset Americans, because it may be very difficult for the American negotiators to figure out whom to deal with.

Consideration

The American negotiators should expect that they might face multiple negotiators, of varying authority, when dealing with Turks. They should also expect lengthy discussions within the Turkish negotiation team before any final decision is made. Focusing on only one member of the Turkish team, and neglecting the other members, would not be very prudent. Those other individuals usually have a "say" in the group and may effect final decisions taken by the team.

Issue

As mentioned in Chapter III, friendships are very important to Turkish people. They usually establish very tight bonds with their friends. However, these close friendships generally place extra responsibilities on individuals. It is never easy for a Turk to say simply "no" when a friend asks a favor or help. Establishing this kind of personal relationship between negotiators may later backfire, due to the sensitivity of the relationship. Turkish people expect attention from their friends. If neglectful American negotiator is not aware of this fact, this naturally useful tool may harm long-term relationships.

Consideration

American negotiators can get the most out of the negotiations if they show a frank approach towards Turkish negotiators. However, they have to be very careful when they have say "no" to their new friends. In such situations, the most effective response is to listen carefully and suggest to do one's best to help while outcomes are still doubtful. Showing a little care and consideration to Turks may help a lot in the negotiations and in building and maintaining long-term relationships.

4.   Masculinity versus Femininity Differences

Since the two cultures' scores are very close to each other in this category, the characteristics of this dimension would not be expected to have a significant effect in negotiations, beyond those effects expected in domestic negotiations.

Issue

The only characteristic of this dimension that would effect negotiations between the two cultures is "care for others." If this characteristic is used wisely and frankly, it might help reaching a desirable agreement and establishing good relationships. Learning about each other's culture allows negotiators to ask intelligent questions about the other's culture, surprise the other side, and show that they care for them. This would always help "break the ice."

Consideration

It would be incredibly helpful for the negotiators of both sides to learn about the region and cultures of their counterparts. Learning basic terms like "Hello," "Good-bye,"

"Thank you," "Good morning" would be very useful in establishing a rapport between negotiators.

Issue

One of the worst situations is where the person in charge (having final authority to sign the contract) of the Turkish negotiation team is there only because of his or her seniority. In collectivist cultures this situation is very common. If seniority is the only basis for that persons presence, it is highly probable that he has very little expertise or knowledge about the situation. The experts in this case might have no authority, which is very common in high "Uncertainty Avoidance" cultures. Because of the "Power Distance" among these people, they may not communicate with each other very well. For example, the more senior person might not easily accept the opinions of people of lower rank, even if they may be subject matter experts. In this case, they may tend to impose less useful solutions on the American negotiators. This may lead to ineffective negotiations.

Consideration

When American negotiators determine that the senior Turkish negotiator lacks necessary expertise and knowledge, they may try to help the other members of the Turkish team with their own expertise to avoid ineffective negotiations and to improve long-term relationships.

C. USING TACTICS

Tactics are known to be "techniques that are used to reach strategic objectives." In this study they are used to implement the considerations given above.

Win/lose tactics usually are intended to get the most benefit for oneself at the expense of the other side by deceiving, misleading or threatening. These kinds of tactics should never be used in Turkish-American negotiations, since they may cause a break down in the negotiations and destroy long-term relationships. Win/lose tactics may serve to worsen the misunderstandings caused by cultural differences.

Win/win tactics, on the other hand, usually are said to help reach desirable results for both parties. However, they are potentially dangerous when not supported by frank discussions and may ultimately harm the trust relationship between the parties.

Win/win tactics could be used to reach desirable agreements for both sides. Some examples of how to implement these tactics are presented below.

The consideration given for the first issue of "Power Distance" differences, discussed above, basically advises the American negotiators to offer new acceptable positions when they determine the Turkish negotiators need this kind of help to save face with their bosses. This is essentially an extension of the "Alternative Proposals" negotiation tactic provided by Hearn in his study of Federal Acquisition and Contract Management (Hearn, 1996, p.212).

The consideration provided for the third issue of "Uncertainty Avoidance" difference, discussed aove, advises the American negotiators to be patient with the Turkish negotiators when unfamiliar risks are involved. Using "The Recess or Caucus" tactic (Hearn, 1996, p.212) would provide extra time for the Turkish negotiators to evaluate the situation. This tactic might prevent the Turkish negotiators from immediately rejecting the presented offer.

Another example of using tactics would involve the consideration given for the first issue of "Individualism versus Collectivism" differences, discussed above. This consideration basically advises the American negotiators to seek ways to be accepted as in-group members by the Turkish negotiators, to cooperate to meet the objectives of the both sides. To accomplish this, American negotiators might use "We're really of the same mind on this issue" tactic (Hearn, 1996, p.211). This would be the first step to begin thinking together to solve the problems. Working together, pursuing for the same goal, may help the American negotiators and the Turkish negotiators to develop a closer relationship and work together toward a common goal.

Tactics always can be tailored to specific issues, and new tactics can be created by negotiators to deal with various situations. The most important consideration, however, is to show good and frank intentions to the other side.

D.   CONCLUSION

This chapter provided an analysis of the survey presented in Chapter IV. In light of this analysis, the opinions of experienced businessmen, and the general cultural observations provided in Chapter III, a number of considerations and general guidance is presented for Turkish and American negotiators.

VI. CONCLUSIONS AND RECOMMENDATIONS

A. INTRODUCTION

The purpose of this chapter is to present the conclusions obtained from the research and provide recommendations for further studies on intercultural relations and negotiations.

International business and defense transactions are becoming more frequent in this era of globalization. Organizations that practice good international business will continue to establish long-term relationships around the world and prosper, while the ones that fail to positively interact globally may lose their market shares and eventually vanish.

As one of the ten Big Emerging Markets (BEMs), Turkey is an important player in the global marketplace and a key trading partner of the United States. Especially defense systems contracts between the two governments have been a major issue for both countries. United States faces very competent and resourceful European competitors in this marketplace.

The negotiation table is a critical place to establish good, long-term relationships between Americans and Turks. Getting mutually favorable results at the negotiating table would obviously benefit both parties.

B. CONCLUSIONS

The impact of cultural differences in negotiations is significant, in both positive and negative ways depending on the individual negotiators. If the negotiators are aware of their own and their counterparts' cultural characteristics (and cultural differences),

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apply this knowledge to negotiations, they should obtain effective agreements and establish good long-term relationships. On the other hand, if they fail to realize the importance of cultural differences, and do not adjust their strategies to reflect those differences, they may not accomplish their negotiation goals or develop beneficial long-term relationships.

Analysis of differences between Turkish and American cultures suggests there are critical issues and important considerations Turkish and American negotiators should incorporate in their negotiation planning.

This study suggests that "Uncertainty Avoidance" is the most significant difference between the Turkish and the American cultures. Therefore, this has the most significant effect in the negotiations between entities' of these two cultures. Americans are greater risk takers when compared to Turks. However, Turkish people are not at the "high" end of "Uncertainty Avoidance" spectrum and are willing to take risks, although to a lesser degree than their American counterparts.

The "Uncertainty Avoidance" difference between the cultures identifies several points that should be taken into account when conducting a Turkish-American contract negotiation. These include the importance of alternative plans and contingency plans, the Turkish negotiators' lack of authority, extra time requirements, the Turkish authorities' lack of flexibility, etc. These points should be carefully examined and evaluated when developing negotiation strategies.

The second most significant difference was in the "Individualism versus Collectivism" index. In the Hofstede's survey, this category presented the biggest difference between the two cultures. In Hofstede's survey, the Turkey's "Individualism"

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score was 37 out of 125 and the United States' score was 91. This put Turkey at an extreme "Collectivist" end of the "Individualism versus Collectivism" spectrum. However, this study found the Turkey's "Individualism" score as 56 out of 100 (or 70 out of 125-direct proportion method) while the United States' score was 78 out of 100 (or 98 out of 125). According to Hofstede's survey, the "Individualism" index difference between the cultures was 54 out of 125, this difference is 28 according to the survey conducted in this study. This significant difference between the results of the two surveys is due to the different methods used in surveys and the replaced questions to tailor Hofstede's survey to fit particularly the characteristics of these two cultures.

The issues and considerations that should be taken into account, as far as the "Individualism versus Collectivism" dimension is concerned, are presented in Chapter V. Among these issues the two most important ones would be the tendency of the Turkish negotiators to "renegotiate" the issues that the American negotiators think is "resolved" and the boundaries of any friendship between the parties. Being aware of these issues during the negotiations would prevent any emotional conflicts.

The characteristics of the "Power Distance" dimension were more or less the same for both cultures. The only significant difference is present in the Question #5. The two issues that are raised were driven by this difference. The first issue was the difficulty of Turkish negotiators saving face with their bosses when they made a mistake when planning for negotiations. The second issue centered on possible conflicts that may arise between Turkish and American negotiators based on different perceptions of "respect for the elders."

Although there were very little difference in the "Masculinity versus Femininity" dimension, it raises an important issue that might have a significant effect on establishing long-term relationships. This issue was "care for others." Showing interest for each other's culture may help "break the ice" and facilitate successful negotiations.

The cultures presented so little difference in the "Confucian Dynamism" dimension that it was thought there would not be any difference between the international and domestic negotiations. There was no major issue that would effect negotiations between these two cultures.

C.   RECOMMENDATIONS

Hofstede's model categorized the characteristics of the cultures into his five dimensions. He compared the cultures in broad terms such as "Individualism versus Collectivism," "Uncertainty Avoidance," "Power Distance," etc. In this survey it is determined that national cultures may not always reflect all of the characteristics of the dimensions. For example, looking at the first question of the "Individualism versus Collectivism" dimension, which is the eleventh question, Turkey's mean score was 3.8 while Turkey's mean score for the fifteenth question (the last question of "Individualism versus Collectivism" dimension) was 2.5. The 1.3 difference out of five is very significant. However, the Hofstede model scores were based on dimensions rather than individual questions. Thus, other characteristics absorbed the effects of that very different characteristic. In other words, the effects of deviation from other characteristics within a dimension were distributed to the all of the characteristics. This may cause a very different characteristic to be overlooked or disguised among others.

Further study might be conducted to focus individual questions to determine more specific and detailed distinctions between the cultures. Additionally, the focus can be changed to only "Uncertainty Avoidance" and "Individualism versus Collectivism" dimensions. Both this study and Hofstede's study determined the country indexes by using only five questions for each dimension. Further study, which focuses only the above two dimensions, might employ more questions, and focus analysis on the individual questions as well as the general dimensions.

APPENDIX A. CONNOTATIONS OF PDI DIFFERENCES

Summary of Connotations of *Power Distance Index* Differences Found in Hofstede's Survey Research:

Low PDI	*High PDI*
• Parents put less value on children's obedience.	• Parents put high value on children's obedience.
• Students put high value on independence.	• Students put high value on conformity.
• Authoritarian attitudes in students are a matter of personality.	• Students show authoritarian attitudes as a social norm.
• Managers seen as making decisions after consulting with subordinates	• Mangers seen as making decisions autocratically and paternalistically
• Close supervision negatively evaluated by subordinates.	• Close supervision positively evaluated by subordinates.
• Stronger perceived work ethic; strong disbelief that people dislike work.	• Weaker perceived work ethic; more frequent belief that people dislike work.
• Managers more satisfied with participative superior.	• Managers more satisfied with directive or persuasive superior.
• Subordinates' preference for manager's decision-making style clearly centered on consultative, give-and-take style.	• Subordinates' preference for manager's decision-making style polarized between autocratic-paternalistic and majority rule.
• Managers like seeing themselves as practical and systematic; they admit a need for support.	• Managers like seeing themselves as benevolent decision-makers.
• Employees less afraid of disagreeing with their boss.	• Employees fear to disagree with their boss.
• Employees show more cooperativeness.	• Employees reluctant to trust each other.
• Managers seen as showing more consideration.	• Managers seen as showing less consideration.
• Students have positive associations with "power" and "wealth."	• Students have negative associations with "power" and "wealth."
• Mixed feeling about employees' participation in management.	• Ideological support for employee participation in management.
• Mixed feelings among managers about distribution of capacity for leadership and initiative.	• Ideological support among managers for a wide distribution of capacity for leadership and initiative.
• Informal employee consultation possible without formal participation.	• Formal employee participation possible without informal consultation.
• Higher-educated employees hold much less authoritarian values than lower-educated ones.	• Higher- and lower-educated employees show similar values about authority.

(Hofstede, 1984, p.92)

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APPENDIX B.   CONNOTATIONS OF UAI DIFFERENCES

Summary of Connotations of *Uncertainty Avoidance Index* Differences Found in Hofstede's Survey Research:

Low UAI	High UAI
• Lower job stress • Less emotional resistance to change • Loyalty to employer is not seen as a virtue • Preference for smaller organizations • Lower average age in higher level jobs • Managers should be selected on other criteria than seniority • Prefers manager career over specialist career • Hierarchical structures of organizations can be by-passed for pragmatic reasons • Conflict in organizations is natural • More prepared to compromise with opponents • Acceptance of foreigners as managers • Employee optimism about the motives behind company activities • Rules may be broken for pragmatic reasons • Delegation to subordinates can be complete • Higher tolerance for ambiguity in perceiving others (higher LPC)	• Higher job stress • More emotional resistance to change • Tendency to stay with the same employer • Loyalty to employer is seen as a virtue • Preference for larger organizations • Higher average age in higher level jobs: gerontocracy • Managers should be selected on the basis of seniority • Fear of failure • Lower ambition for individual advancement • Prefers specialist career over manager career • A manager must be an expert in the field he/she manages • Company rules should not be broken • Conflict in organization is undesirable • Initiative of subordinates should be kept under control • Lower tolerance for ambiguity in perceiving others (lower LPC) • Suspicion toward foreigners as managers • Employee pessimism about the motives behind company activities

(Hofstede, 1984, pp.132-133)

APPENDIX C. CONNOTATIONS OF IDV DIFFERENCES

Summary of Connotations of _Individualism Index_ Differences Found in Hofstede's Survey Research:

Low IDV	_High IDV_
• Importance of provisions by company (training, physical conditions)	• Importance of employee's personal life (time)
• Emotional dependence on company	• Emotional independence from company
• Large company attractive	• Small company attractive
• Moral involvement with company	• Calculative involvement with company
• More importance attached to training and use of skills in jobs	• More importance attached to freedom and challenge in jobs
• Students consider it less socially acceptable to claim pursuing their own ends without minding others	• Students consider it socially acceptable to claim pursuing their own ends without minding others
• Managers aspire to conformity and orderliness	• Managers aspire to leadership and variety
• Managers rate having security in their position more important	• Managers rate having autonomy more important
• Managers endorse "traditional" points of view, not supporting employee initiative and group activity	• Managers endorse "modern" points of view on stimulating employee initiative and group activity
• Group decisions are considered better than individual decisions	• Individual decisions are considered better than group decisions
• Duty in life appeals to students	• Enjoyment in life appeals to students
• Managers choose duty, expertness, and prestige as life goals	• Managers choose pleasure, affection, and security as life goals
• Individual initiative is socially frowned upon; fatalism	• Individual initiative is socially encouraged
• More acquiescence in responses to "importance" questions	• Less acquiescence in responses to "importance" questions
• People thought of in terms of in-groups and out-groups; particularism	• People thought of in general terms; universalism
• Social relations predetermined in terms of in-groups	• Need to make specific friendships
• More years of schooling needed to do a given job	• Fewer years of schooling needed to do a given job
• More traffic accidents per 1000 vehicles	• Fewer traffic accidents per 1000 vehicles
• More traditional time use pattern	• More modern time use pattern

(Hofstede, 1984, p.166)

APPENDIX D.   CONNOTATIONS OF MAS DIFFERENCES

Summary of Connotations of *Masculinity Index* Differences Found in Hofstede's Survey Research:

Low MAS	High MAS
• Trying to be better than others is neither socially nor materially rewarded.	• There are rewards in the form of wealth or status for the successful achiever.
• Social adaptation-oriented school system.	• Performance-oriented school system.
• More benevolence versus the third world.	• Less benevolence versus the third world.
• Conservation of the environment is seen as a more important problem than economic growth.	• Economic growth is seen as a more important problem than conservation of the environment.
• Small-scale enterprises, projects, etc. popular.	• Large-scale enterprises, projects, etc. popular.
• Men and women follow the same types of higher education.	• Men and women follow different types of higher-level education.
• Men and women can both be breadwinners.	• Men are breadwinners, women are cakewinners.
• Less occupational segregation: e.g. male nurses.	• Some occupations are considered typically male, others female.
• Slower car driving, fewer accidents.	• Faster car driving, more accidents.

(Hofstede, 1984, p.200)

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APPENDIX E.   CONNOTATIONS OF CDI DIFFERENCES

Summary of Connotations of *Confucian Dynamism Index* Differences Found in Hofstede's Survey Research:

Low CDI	High CDI
• There is a social pressure to "Keep up with the Joneses", even if it means overspending. • Quick results are expected. • Never lose face. • Traditions should be respected. • Social demands (e.g. reciprocating gifts) are met regardless of cost. • There is a concern with possessing the Absolute Truth. • Saving is not popular, so that there is little money for investment. • Short-term orientation. • Concern for stability.	• Thrift is good. • Never give up, even if results are in want. • A sense of shame prevents one from doing what is wrong. • Traditions need not be immutable but can be adapted to a modern context. • Relations are ordered by status and this order is observed, but • There are limits to respect for social and status-related obligations. • Achieving one's purpose may be worth losing face. • Long-term orientation. • Many truths (time, context). • Acceptance of change.

(Hofstede, 1997)

APPENDIX F.   SURVEY QUESTIONS

PARTICIPANT'S

FULL NAME   :

JOB TITLE   :

WORK PHONE#   :

E-MAIL   :

Please mark you think most appropriate (highlight, change character, make italic etc.)
Ex: (5 4 _3_ 2 (1)).

(5:Strongly agree ..... 1:Strongly disagree)

In the United States/Turkey ....

1. A child's opinion counts as much as a parent's in the family.   5 4 3 2 1

2. Staff members can criticize their superiors' decisions at their   5 4 3 2 1
    presence and freely express their own opinions.

3. Powerful people (in terms of status, rank etc.) try to look less   5 4 3 2 1
    powerful than they are.

4. Power, status, and position are _**not**_ really very big sources of   5 4 3 2 1
    privileges.

5. Staff members' attitude towards their (ideal) boss can be described   5 4 3 2 1
    as the respect to a friend rather than the respect to one's "father."

6. People think change is good and different is attractive.   5 4 3 2 1

7. People think there should not be more rules than are strictly   5 4 3 2 1
    necessary.

8. People adore the successful and blame the less successful   5 4 3 2 1
    (unsuccessful gets no sympathy).

9. Competition is valued as something positive and leading to   5 4 3 2 1
    achievement.

10. People think motivation at a place of work results from clearly   5 4 3 2 1
    defined goals and a great deal of responsibility as responsibility is a
    proof of success.

11.	The relationship between employer and employee is a contract based on mutual advantage *not* on moral terms, like a family link ("big brother-little brother" or "father-child").	5 4 3 2 1
12.	The task prevails over relationships.	5 4 3 2 1
13.	A superior who makes use of his/her power in order to get a job for a member of the family in *need* is regarded as immoral.	5 4 3 2 1
14.	Promotions are granted because of performance and not because of age.	5 4 3 2 1
15.	Helping one another among neighbors (including monetary issues) is not very common.	5 4 3 2 1
16.	Men are assertive, ambitious and "tough."	5 4 3 2 1
17.	Conflicts are resolved by fighting them out.	5 4 3 2 1
18.	Managers are expected to be decisive and assertive.	5 4 3 2 1
19.	People with a basic knowledge of many things are admired rather specialists or experts in a few areas.	5 4 3 2 1
20.	There are only a few rules to be obeyed in the society.	5 4 3 2 1
21.	People can clearly distinguish between good and bad.	5 4 3 2 1
22.	Balance and constancy rank first (rather than the idea that everything is relative and might change at any time).	5 4 3 2 1
23.	Children are taught to ask "why" rather than "what" and "how"	5 4 3 2 1
24.	People often refer to their roots and their past.	5 4 3 2 1
25.	People want to bring into accord all information (they don't like to live with contradictory information).	5 4 3 2 1

THANK YOU FOR PARTICIPATING IN THIS SURVEY. YOUR INPUTS ARE PRICELESS FOR THE STUDY.

Murat Kutlu
Ltjg.
TUR Navy

Should you have any questions please

call me at: **1-831-644-9810**

email me : **mkutlu@nps.navy.mil**

APPENDIX G.   MEAN SCORES

Question #	Turks	Americans
1	3.1	3.0
2	3.2	3.0
3	2.4	2.7
4	2.4	2.3
5	3.1	4.4
PDI	**54.2**	**47.6**
6	2.6	3.3
7	2.5	4.1
8	3.0	3.7
9	3.2	4.2
10	2.9	4.2
UAI	**53.6**	**28.0**
11	3.8	4.1
12	3.4	3.8
13	2.8	4.0
14	3.6	4.3
15	2.5	4.4
IDV	**55.6**	**78.0**
16	3.4	2.8
17	1.9	1.8
18	3.3	3.6
19	2.6	2.7
20	2.3	2.7
MAS	**42.3**	**43.5**
21	3.4	3.2
22	3.3	2.6
23	2.8	3.1
24	3.2	3.0
25	3.9	4.0
CDI	**58.0**	**54.6**

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APPENDIX H.   SCORE DISTRIBUTION TABLE

TURK										

	PDI		UAI		IDV		MAS		CDI	
SCORE	#	%	#	%	#	%	#	%	#	%
0-20	1	3	0	0	0	0	5	15	0	0
21-40	7	21	9	27	5	15	8	24	5	15
41-60	15	46	16	49	16	49	19	58	15	46
61-80	9	27	8	24	11	33	1	3	12	36
81-100	1	3	0	0	1	3	0	0	1	3
TOTAL	33	100	33	100	33	100	33	100	33	100

AMERICAN										

	PDI		UAI		IDV		MAS		CDI	
SCORE	#	%	#	%	#	%	#	%	#	%
0-20	0	0	8	35	0	0	4	17	0	0
21-40	7	30	12	52	0	0	8	35	4	18
41-60	14	61	3	13	1	4	8	35	15	65
61-80	2	9	0	0	15	65	3	13	3	13
81-100	0	0	0	0	7	31	0	0	1	4
TOTAL	23	100	23	100	23	100	23	100	23	100

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